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Corporate Japan advances into Asia
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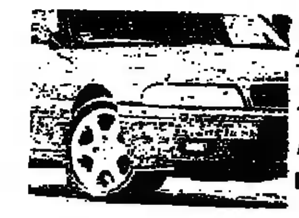

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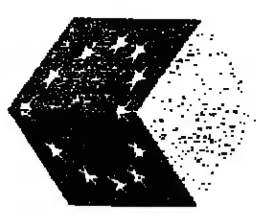

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Confessions of a temporary sports writer

FINANCIAL TIMES

Europe's Business Newspaper — FRIDAY JULY 15 1994 — D8523A

Milan magistrates quit over decree to curb their powers

The entire team of Milan magistrates largely responsible for bringing down the postwar political system in Italy through their corruption probe resigned in protest at a decree reducing their powers of preventive detention. It was not clear whether the magistrates' move – which could be followed by similar resignations round the country – was simply designed to put pressure on the two month-old Berlusconi government to change its mind. Page 14

UK axes defence jobs: Britain announced it is to axe more than 18,000 defence establishment jobs, but softened the blow by detailing orders for new weapons worth about £5bn. Page 14; Details, Page 7; Editorial Comment, Page 13

China to import 'quality' films: China is to allow its cinemas to screen foreign films and to share profits with producers. However, only about 10 "excellent" new films would be accepted for screening each year. Page 14; China slows economy but watches for unrest, Page 6; Huaneng group's appetite for foreign cash, Page 19

Chrysler announced record profits for the second consecutive quarter, boosting evidence of a robust recovery in the US automobile industry. Page 15

Bloomingdale's and Macy's, two of the big names in US retailing, are to be brought together in a $4.1bn deal that will create the country's biggest department store group. Page 15; US retail sales up by 0.8% in June, Page 5

Chicago Pizza Pie man Bob Payton dies

New York-born Bob Payton, who established the American food chain which includes the Chicago Pizza Pie factory and Henry J Beans, has died in a car accident in Leicestershire, England. Mr Payton's My Kinda Town group went public in May this year, by which time he had built a small empire of 30 restaurants in cities including London, Paris, Tel Aviv, Buenos Aires, Brussels and Barcelona. Obituary, Page 21

Olivetti, the Italian computers group, has agreed to sell the financial holding company of its Triumph Adler office products subsidiary in Germany to a consortium of German banks and investors for an unspecified sum. Page 15

Trade deadlock warning: Trade negotiations between the US and Japan are in a worrying deadlock which could lead to renewed tensions in Washington, a senior US trade official warned. Page 3; Storm in a cereal bowl, Page 3

Emergency meeting on Rwanda urged: France called for an emergency meeting of the United Nations Security Council in the face of what it termed a seriously deteriorating situation in Rwanda, the foreign ministry said. Sweeping changes urged on UN, Page 6

Seoul eases stance: South Korea, heartened by signs of a smooth power transfer in the communist North, eased a military alert ordered on the death of "Great Leader" Kim Il-sung.

Nippon Steel, the world's largest steelmaker, has agreed to take a 10 per cent equity stake in New CF&I of the US, a subsidiary of Oregon Steel, and provide its subsidiary, CF&I, with new technology and facilities. Page 3

Latvia's premier quits: Latvian prime minister Valdis Birkavs announced his resignation, saying the withdrawal of the conservative Farmers' Union faction had made it impossible for his year-old coalition to continue.

Italian gas blast kills 27: Rescuers pulled the bodies of 27 people from the rubble of an old people's home in northern Italy after it collapsed in an explosion caused by a gas leak.

Abiola refused bail: Moshood Abiola, winner of an annulled Nigerian presidential election last year, was refused bail on a technicality and faces trial for treason on July 28. Page 6

Iran hangs five: Five men convicted of murder, armed robbery, rape and drug dealing were hanged in public in the holy city of Qom, 120km (75 miles) south-west of Tehran, an Iranian newspaper said.

Euro court rules on pregnancy sacking: The European Court of Justice ruled that freight company EMO Air Cargo violated EU principles on the equal treatment of men and women when it sacked a pregnant clerk. Page 8

■ STOCK MARKET INDICES

FT-SE 100:	3050.4	(+45.1)
Yield	4.06	
FT-SE Eurotrack 100	1337.33	(+11.39)
FT-SE-A All-Share	1521.25	(+1.3%)
Nikkei	20,718.04	(+177.63)
New York: lunchtime		
Dow Jones Ind Ave	3734.07	(+29.79)
S&P Composite	453.35	(+4.62)

■ US LUNCHTIME RATES

Federal Funds:	4 7/16%
3-mo Treas Bills: Yld	4.466%
Long Bond	84 11/32
Yield	7.555%

■ LONDON MONEY

3-mo Interbank	5 1/8%	(5 3/16%)
Liffe long gilt future:	Sep 104	(Sep103 1/4)

■ NORTH SEA OIL (Argus)

Brent 15-day (Sept)	$17.93	(18.565)

■ GOLD

New York Comex (Aug)	$384.4	(384.0)
London	$383.15	(384.2)

■ STERLING

New York lunchtime:		
$	1.5605	
London:		
$	1.564	(1.566)
DM	2.4174	(2.4089)
FFr	8.2854	(8.2549)
SFr	2.0394	(2.0291)
Y	153.705	(153.706)
£ Index	79.2	(79.0)

■ DOLLAR

New York lunchtime:		
DM	1.55235	
FFr	5.32425	
SFr	1.31055	
Y	98.3	
London:		
DM	1.5457	(1.5383)
FFr	5.2978	(5.2715)
SFr	1.304	(1.2958)
Y	98.28	(98.155)
$ Index	62.5	(62.2)

Tokyo close Y 98.19

Austria	Sch32	Greece	Dr350	Lux	LFr65	Qatar	QR13.00
Bahrain	Din1.250	Hong Kong	HK$16	Malta	Lm0.60	S.Arabia	SR11
Belgium	BFr65	Hungary	Ft 165	Morocco	MDh15	Singapore	S$4.30
Bulgaria	Lw25.00	Iceland	IKr215	Neth	Fl 4.00	Slovak Rp	KSL50
Cyprus	C£1.10	India	Rs60	Nigeria	Naira50	South Africa	R12.00
Czech Rp	CZK50	Israel	Shk6.90	Norway	NKr17.00	Spain	Pta225
Denmark	DKr16	Italy	L3000	Oman	OR1.50	Sweden	SKr16
Egypt	E£5.00	Japan	Y500	Pakistan	Rs40	Switz	SFr3.30
Finland	FM14	Jordan	JD1.50	Philippines	Pso50	Syria	S£50.00
France	FFr9.50	Kuwait	Fils.625	Poland	Zl 32,000	Tunisia	Din1.500
Germany	DM3.50	Lebanon	US$1.50	Portugal	Es225	Turkey	L30000
						UAE	Dh12.00

Santer set to win consensus as EC president

By David Gardner and Lionel Barber in Brussels, Kevin Brown in London and David Buchan in Paris

EU leaders look set today to name Mr Jacques Santer, Luxembourg's prime minister, as the new president of the European Commission in succession to Mr Jacques Delors.

In spite of widespread concern in Brussels and among senior EU diplomats and national officials that the Commission would be badly weakened after Mr Delors' influential 10-year stewardship, Mr Santer appeared the only candidate behind whom the 12 member states could unite.

However, in a development that raises the possibility of a setback at today's special summit in Brussels, Denmark announced yesterday the rival candidacy of Mr Poul Schlüter, the country's former Conservative prime minister.

Mr Poul Nyrup Rasmussen, the Danish prime minister, declared Mr Schlüter's candidacy after a meeting of parliamentary party leaders.

"The Danish government finds that Mr Schlüter is the Danish candidate with the best chances of getting the post," Mr Rasmussen told Danish radio.

"It is too early to say what the outcome of Friday's summit will be," Mr Rasmussen said. "Mr Schlüter is Denmark's candidate."

Editorial Comment .... Page 13

In Paris, President François Mitterrand yesterday predicted that today's summit would agree on the Brussels succession, and stressed that the person must be "someone who speaks French".

Mr Santer, 57, has led a Christian-Democrat Socialist coalition in the Grand Duchy of Luxembourg since 1984. He speaks fluent French and German, as well as English.

The British government yesterday signalled strongly that it expects Mr Santer to emerge as the consensus choice, although officials warned that other candidates remained in the race.

Mr John Major, prime minister, refrained from naming Mr Santer during Commons exchanges but said there was "a substantial difference" between the current candidates and Mr Jean-Luc Dehaene, the Belgian prime minister, who was vetoed by the UK at the Corfu summit three weeks ago.

Strong backing for Mr Santer emerged yesterday from Portugal. "If the candidature of the prime minister of Luxembourg, Jacques Santer, is confirmed, Portugal will approve it enthusiastically," Mr Jose Manuel Durao Barroso, the foreign minister, told reporters.

Last minute consultations on Mr Delors' succession took place yesterday in Paris. German chancellor Mr Helmut Kohl, Mr Mitterrand, Mr Felipe Gonzalez, the Spanish prime minister, Mr Dehaene and Mr Santer all attended Bastille Day celebrations as contributors to the Euro-corps joint army unit marched down the Champs Elysées.

Before today's summit, Mr Kohl will

Continued on Page 14

Washington foresees US rates rising close to 5%

By Michael Prowse in Washington

The Clinton administration yesterday signalled that it expected US short-term interest rates to rise to nearly 5 per cent next year, effectively giving the green light to the Federal Reserve to tighten monetary policy further. Short-term rates are currently 4¼ per cent.

The White House also claimed credit for a rapid reduction in a federal budget deficit, projecting a shortfall of $167.1bn in the fiscal year beginning this October, against a projection of $301.8bn before enactment of last year's deficit-cutting measures.

In projections for its "mid-session" budget review, the administration forecast that interest rates on three-month treasury bills would average 4.7 per cent next year. This implies it expects the Fed to raise the key federal funds rate to about 5 per cent.

The Fed has raised short-term rates four times this year to 4¼ per cent against 3 per cent in early February. Next Wednesday Mr Alan Greenspan, the Fed chairman, may provide clues to his monetary plans when he delivers his twice-yearly monetary testimony to Congress.

The administration's interest rate projections are sharply higher than those in its February budget when it projected a Treasury bill rate of 3.8 per cent in 1995. The White House also concedes that bond yields will remain higher than earlier projected. It expects yields on 10 year Treasury bonds to average 7 per cent next year rather than 5.8 per cent. The federal deficit is expected to fall to $220.1bn this fiscal year and $167.1bn in fiscal 1995, before rising to $207.4bn in 1999. February projections were for deficits of $234.8bn, $176.1bn and $201.2bn respectively.

The positive impact on deficit projections of higher than expected revenue was substantially upset by increased debt interest payments following the sharp rise in bond yields this year.

As a proportion of gross domestic product the deficit is projected to fall from 4 per cent in fiscal 1993 to 3.3 per cent this year and then to stabilise at about 2.4 per cent of GDP.

Since the economy is near full employment, this means the Administration does not expect to reduce the structural deficit below about 2.5 per cent of GDP.

White House growth and inflation projections are little changed. As in February it expects economic growth to slow from 3 per cent this year to 2.7 per cent next year and 2.5 per cent later in the decade.

Inflation is expected to rise gradually from 2.9 per cent this year to 3.2 per cent next year and 3.4 per cent by 1997. The unemployment rate is projected to stabilise at just above 6 per cent rather than decline to 5.5 per cent as previously projected.

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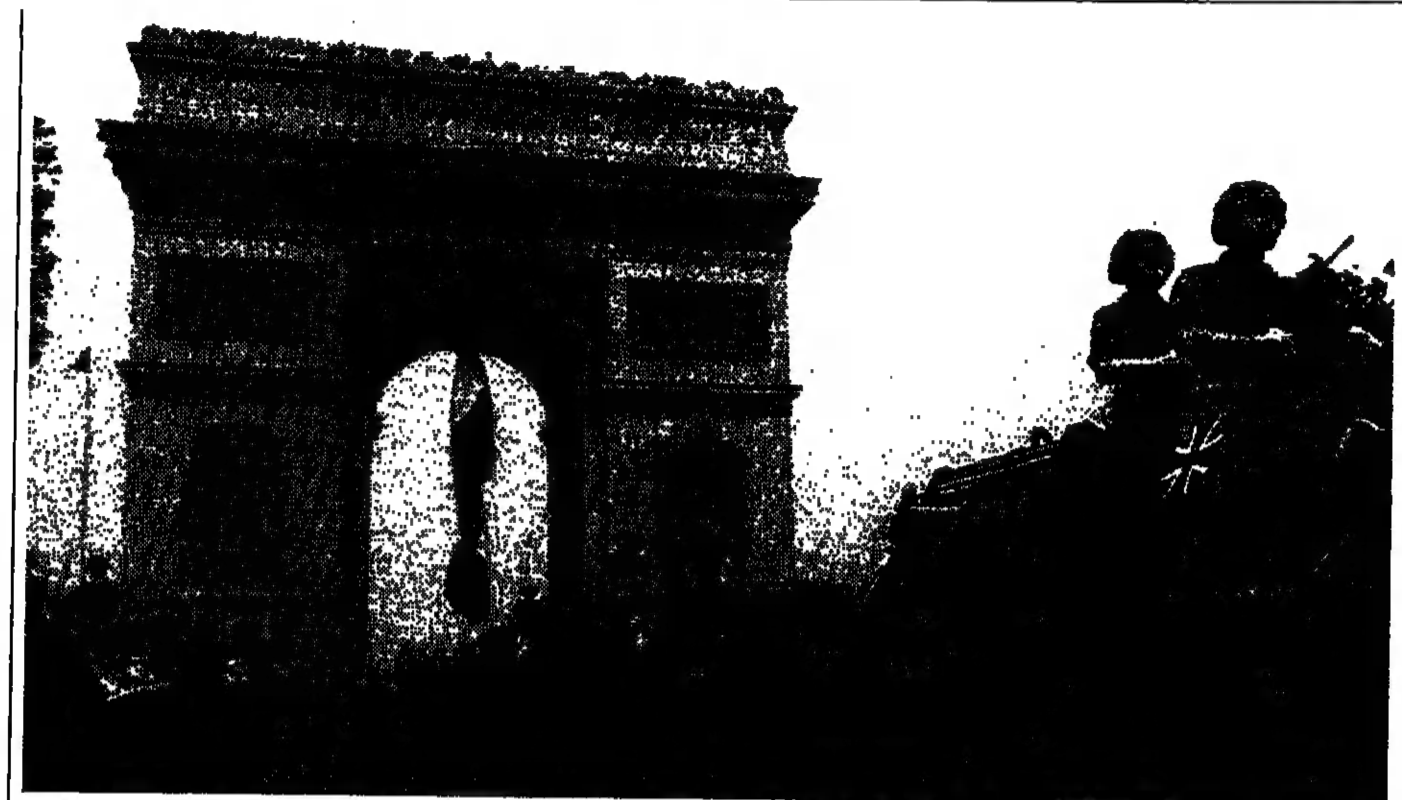

Passing in peace: German armoured cars yesterday rolled down the Champs Elysées in Paris for the first time since the second world war, as part of the new Eurocorps' participation in France's Bastille day military parade Report, Page 2 Picture: Reuter

Bonn seeks curb on jobless benefit

By Quentin Peel in Bonn

Mr Theo Waigel, the German finance minister, will today present a budget to the cabinet calling for a time limit on the payment of unemployment benefit and a freeze on the government's net borrowing requirement.

The DM485bn ($315bn) budget for 1995 represents a growth rate of just 1 per cent over the current DM480bn spending, thanks to cuts enforced on most government departments and expected privatisation proceeds of DM7.3bn.

The net borrowing requirement will be limited to DM68.7bn, compared with DM69.1bn this year. The figures were condemned as a "deliberate deception" by the Social Democrat (SPD) opposition.

Mr Waigel's latest assault on the cost of unemployment benefit has been rumoured for weeks, and is likely to unleash a furious political debate in the run-up to the October general election. His budget will go to parliament for its first reading in September, but could be substantially rewritten if there is a change of power in October.

In the 1994 budget, Mr Waigel cut unemployment benefit for childless workers from 63 to 60 per cent of previous net earnings for initial benefits, followed by a reduced rate, paid indefinitely, of 53 per cent for the long-term unemployed.

It is that reduced rate which Mr Waigel now proposes to limit to two years. After that, the long-term unemployed will be reduced to subsistence-related social assistance, resulting in a net saving, in a full year, of DM6.5bn.

The move was condemned yesterday by Mr Helmut Wieczoreck, budget spokesman for the SPD, as "daylight robbery of the unemployed and the local authorities". He said it would make no difference to overall public spending, because it simply shifted the burden of support from federally financed unemployment benefit to local government-financed social assistance.

The total number of unemployed in Germany in June was almost 3.6m. Of these, about 900,000 were long-term unemployed who receive the lower

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Digital to cut 20,000 jobs as part of drastic shake-up

By Louise Kehoe in San Francisco

Digital Equipment, the struggling US computer company, will restructure its management, cut 20,000 jobs over the next 12 months and take a $1.2bn charge in the current quarter.

The sweeping restructuring plan, announced yesterday, will reduce Digital's workforce by about 20 per cent to 65,000.

The company had been expected to take drastic action to cut costs since reporting far heavier than expected losses of $183m for its fiscal third quarter, ending in March. The results revealed serious weaknesses in the management and a continuing decline in profit margins.

Digital has been struggling for several years to come to terms with declining sales of its traditional minicomputer products and an industry-wide trend toward lower profit margins. It has recorded losses of more than $3bn over the past three years despite substantial cost cutting.

Mr Robert Palmer, Digital's chief executive, said the action announced yesterday would further reduce annual costs by about $1.8bn, bringing total cost savings from restructuring since his appointment in late 1992 to $3bn.

The new restructuring plan will accelerate workforce reductions, which had previously been expected to occur over a two-year period. In addition, Digital is expected to dispose of some of its business units, and the company said further announcements would be made on Monday.

Earlier this month it revealed it was in talks with Quantum, a US disc drive manufacturer, about the sale of parts of Digital's data storage business. Digital has also reportedly discussed the possible sale of its $1.5bn consulting business to Computer Sciences.

Digital said that about 60 per cent of its $1.2bn fourth quarter restructuring charge will be related to job cuts, with the balance covering facilities. In addition, it said it would write off assets of $350m-$400m.

The management restructuring represents a third attempt by Mr Palmer to increase the efficiency of Digital's operations.

He said the company would abandon its traditional matrix management approach.

It has already established two divisions: Computer Systems and Components, plus an Advanced Technology Group to develop new products and identify new market opportunities.

Each business unit will include engineering, manufacturing, marketing and sales operations and carry responsibility for its own financial performance. The new structure would "increase management accountability, sharpen customer focus and return the company to sustained profitability", Mr Palmer said.

Digital's share price gained 10 per cent earlier this week on hopes that the latest restructuring plan would restore profitability but yesterday fell to $20⅞ in mid-session, down from Wednesday's close of $21⅝.

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Berlusconi economic plan given cautious approval

By Robert Graham in Rome

Italy's business community has given a cautious but positive response to the first broad outlines of the Berlusconi government's economic policy.

The Milan bourse yesterday rose more than 2 per cent after the government's decision on Wednesday to ease tax assessment procedures and introduce the principle of a pardon on certain types of property development carried out without proper permission. These are intended to be the two main vehicles to raise an extra L5,000bn ($3.2bn) this year to keep the 1994 budget deficit to L159,000bn as planned. But there will also be a spill-over effect from these measures into 1995.

Economists yesterday preferred to withhold judgment on the policy outlines until next Thursday when the government is due to unveil details of its 1995 budget.

The government has merely said it intends to reduce next year's budget deficit to L140,000bn, below 10 per cent of gross domestic product. This will be done by finding L40,000bn in spending cuts and new taxes – but not by an increase in fiscal pressure. Mr Silvio Berlusconi, prime minister, has made it clear again this week he will not raise the overall level of taxation which he regards as already too high.

Mr Lamberto Dini, treasury minister, said in unveiling his plans that the government would be relying largely on holding down the increase in current expenditure to 2.5 per cent in 1995. Continued disagreement over the nature of spending cuts, especially in the health and pensions field, are still delaying finalisation of the economic programme.

Indeed, the government had originally promised to reveal the outline macroeconomic plan before last week's Group of Seven summit in Naples. The release of the policy outlines on Wednesday was primarily intended to reassure the financial markets which have become nervous about the government's failure after two months in office to spell out its economic policy.

Pushing the 1995 deficit down to L140,000bn signals the government's awareness of the need for continued surgery on Italy's public finances. But the debt stock is still only expected to level off in 1996 at 127 per cent of GDP, double the norm set by the Maastricht treaty.

Despite promises of innovation, the main measures being used to raise extra funds this year have been much discussed for several years. Previous governments have shied away from making tax assessments more flexible for fear they would undermine the system of collection and lead to corruption. Equally, a pardon on the thousands of properties constructed without proper permits has not been implemented for fear of endorsing development which has blighted most city suburbs.

However, the government has recognised these measures will be popular with its supporters and easy to implement. They also resolve serious outstanding problems.

A backlog of more than 3.2m tax assessment cases involving L85,000bn has accumulated as a result of rigid bureaucratic procedures. In return for payment of a fixed percentage of the sum in dispute (10 per cent of sums between L2m and L20m) matters can be settled immediately. This is a thinly disguised tax amnesty, the ninth of its kind in the postwar era.

The illegal building pardon can be seen an attempt to come to terms with the large number of property alterations and developments carried out without proper permission often because bureaucratic procedures are so slow. The aim is to regularise some, but not all.

Treasury minister, Mr Lamberto Dini: aiming to keep the rise in expenditure to 2.5 per cent *Ashley Ashwood*

Rise and fall of a house of cards

Emma Tucker on how the carton-board price-fixers operated

Towards the end of 1990, carton printers in the UK did not like what their books were telling them.

The government may not have noticed it, but their own orders suggested the economy was heading for a sharp downturn. To make matters worse, they were sickened by the relentless rise in the price of the cardboard they relied on to print the brand names of toothpaste, cereal, make-up and frozen foods. Such increases in a dead market would hurt the industry badly.

A number decided to raise the matter with the British Printing Industries Federation which represented many of the UK's carton printers. The BPIF, suspicious that a price-fixing cartel was unjustly squeezing its members, contacted counterparts in France and other European Union countries and the following year, armed with information from across Europe, took the matter to Brussels.

"It was a very unusual step," says Mr Colin Stanley, BPIF director-general. "Only once in 10 years have our members felt so concerned that they have asked us to take up a matter with the Commission."

It did not take long for Brussels to decide that an investigation was necessary. On April 23-24 1991, 40 officials from the Commission and member states staged simultaneous raids on carton-board producers across Europe. Based on what they found, they constructed the case which on Tuesday resulted in 19 producers receiving the biggest fines ever to be levied against a price-fixing cartel in Europe. The fines, which must be paid within the next three months, total Ecu22.75m (£104.27m), the largest single penalty being Ecu22.75.

The cartel was, as Mr Karel Van Miert, competition commissioner, described it, both pernicious and sophisticated. But much of what the officials uncovered was also laughable.

Under the aegis of an ostensibly legitimate association known as the Product Group Paperboard, ringleaders of the 19 member cartel met 12 times a year for "social" meetings, most often in Zurich, but occasionally in Nice or Barcelona, to lend credence to the idea of a "social" gathering.

Fake minutes were drawn up to disguise the real business in hand – arranging concerted price rises. But among the documents found during the raids were personal notes showing exactly when price rises for carton-board would occur in each member state and by how much.

These private notes were made in spite of a general understanding among the cartel members that no incriminating evidence was to be kept. The investigation thus uncovered a whole network of deception designed to ensure that the cartel was never discovered. According to the Commission, at least one company had confidently asked lawyers to carry out a "dummy run" of a Brussels investigation, after the initial complaint by the carton users became known.

The key to the cartel's success lay in achieving a balance between the supply of and demand for carton-board which enabled the concerted "price initiatives" to go through. The participants did this by agreeing a carefully constructed market-sharing arrangement.

"They all realised that aggressive attempts to gain market share would undermine their carefully orchestrated price initiatives," said the Commission. It also alleges that companies suspected of deviating from the plan were required to explain themselves to the others, while laggards were pressed into raising their prices to the agreed levels.

With the market-sharing arrangement in place, the cartel's members then compared the state of their order books to judge when best to introduce a price increase. Sometimes, the big producers agreed temporary plant stoppages to keep production under control.

The "price initiatives" which took place every six months were planned and programmed in advance "in the most explicit detail", says the Commission. The increases were announced to customers and in the trade press with a different company each time taking the lead, and the others following on agreed dates.

The arrangement was not achieved overnight. According to the Commission, the PG Paperboard, set up in 1981, and had been attempting to regulate the market for several years. It was only in 1986, following a reorganisation of its structures, that the cartel began to operate more successfully.

At the top was a "presidents working group" of managing or commercial directors who acted as the ringleaders and took the strategic decisions. They were: Cascades of France, Finnboard of Finland, Mayr-Melnhof of Austria, Thames Board (later part of the Swedish group MoDo), Sarrio (Spain and Italy) and two Stora companies of Sweden.

The Commission's efforts to probe the cartel were boosted substantially by Stora's decision to come clean. In August 1991, the Swedish management of Stora informed Brussels that it accepted that several companies in the group hd been involved in a serious infringement of European competition laws. Stora had recently taken over the German producer Feldmühle, which had been a ringleader.

The fines when they came were astronomical. Some of the companies involved – those that still insist that the meetings of the producers were no more than "social occasions" – are said to be considering an appeal. These companies – Cascades, MoDo, Finland's Enso Gutzeit and Finnboard, Gruber & Weber and Laakmann of Germany, Mayr Melnhof of Austria, BPB De Eendracht of the Netherlands and Sca Holdings of the UK – faced bigger fines than the others.

Perhaps wisely, the rest of the companies involved did not deny the essential facts alleged against them.

'It's an industry that likes to get together'

By Deborah Hargreaves

Allegations that 19 European carton-board makers operated a cartel for four years came as little surprise to some industry watchers yesterday who described the operators as "quite clubby".

"It's an industry that likes to get together. They're always holding conferences, and although they stress they don't want to talk about prices, maybe they decided they wanted to go further," said Mr Dennis Christy, pulp and paper analyst at James Capel in London.

The European Commission has alleged that carton-board makers managed to push through price rises of 6-10 per cent twice a year from 1987 to 1990 in spite of consumer resistance and falling costs of raw materials. During the four years, carton-board consumption in western Europe increased by almost 20 per cent.

Mr Christy said the operation of a cartel could explain the continuation of high price levels in the sector when other parts of the industry were suffering a downturn. Prices for other products in the industry, such as pulp and high quality paper, peaked in 1989. But carton-board prices did not reach their highs until two years later.

Printers, among of the main users of carton-board – a stiff card-like product used for making cardboard boxes and for graphics purposes – complained to the Commission about pricing in the Ecu2.5bn (£1.97bn) industry. The British Printing Industries Federation, which recently complained to the UK Office of Fair Trading about the operation of a cartel in the paper market following recent sharp rises in price, yesterday welcomed the Commission's report.

The European Union uses 3m tonnes of carton-board a year of which a third is imported from Finland, Sweden and Austria.

Carton-board makers are at the mercy of wide swings in price for their raw materials, which are chiefly wood pulp and waste paper but in the period when the cartel was alleged to have operated, raw materials costs were low. This year, pulp prices have risen by 50 per cent, squeezing some companies' profit margins since they are finding it hard to pass on increases to customers.

Germans march in Paris as allies

By David Buchan in Paris

For the first time since 1944, German armoured cars yesterday rolled down the Champs Elysées, as part of the new Eurocorps' participation in France's Bastille Day military parade – and won applause from those in the crowd who were able to spot their distinctive military crosses.

After the parade, President François Mitterrand, who stirred domestic controversy by inviting German as well as Belgian and Spanish troops, said he felt "emotion and joy" at having thus been able to help heal the wounds of the last war, in which he was taken prisoner, and to point France towards its future common European defence.

Chancellor Helmut Kohl said he was "happy to have been able to attend" yesterday's march-past, adding that it was "completely normal" that his soldiers' participation should cause some criticism in France because "the traces of history do not disappear immediately". Mr Charles Pasqua, interior minister, complained earlier this week that the 50th anniversary of France's liberation was the wrong moment to invite the Germans.

But in the last year of his presidency, Mr Mitterrand seems to have pulled off a piece of political symbolism that has won approval, judging by recent opinion polls, from most French people. The invitation to the Eurocorps, in which Germans play a big role, is likely to set a precedent from which any successor may find it hard to depart.

It was at the suggestion of Mr Edouard Balladur, the conservative prime minister who is a candidate for the Elysée next year, that three Germans identified with the July 1944 plot against Hitler attended yesterday's ceremonies. They included Mr Manfred Rommel, mayor of Stuttgart and son of Field-Marshal Erwin Rommel, the "Desert Fox" who also commanded German troops in Normandy and who shot himself after the failure of the July plot.

For Mr Kohl, the presence of German troops in Paris yesterday constitutes a further step towards "normalising" his country's military relationship with its allies, following the legal ruling this week by the German constitutional court that German troops could join their allies in conducting peace-keeping operations outside the Nato area.

The 800-strong Eurocorps contingent, a fraction of the 6,000 troops in yesterday's parade, included troops from Belgium and Spain, which along with France, Germany and Luxembourg make up the five-nation force.

Turks to protest at austerity measures

By John Murray Brown in Istanbul

Turkey's austerity programme is coming under growing pressure from labour groups, with the main union federation calling a day of protest for next Wednesday and the government facing demands to raise civil servants' salaries.

The cabinet is today due to announce salary increases for the 1.6m civil servants. Despite annual inflation running at more than 100 per cent, economists say Mrs Tansu Çiller, the prime minister, will want to keep the increase to below the 54 per cent projected in the 1994 budget.

Separately, Turk-Is, Turkey's main union federation, representing around 1.2m workers in the public sector, is to stage a day of protest on Wednesday in the first sign of union opposition to the programme.

Public-sector wage restraint is vital to the success of the government's fiscal adjustment plan, which envisages halving the public-sector borrowing requirement to 9 per cent by the end of 1994. The programme, backed by an International Monetary Fund standby credit of $742m, assumes a 15 per cent real wage cut across the economy.

The government has still to pay rises to some 700,000 public-sector workers under collective bargaining deals signed last year, when it was agreed that wages would be indexed to inflation. The government wants the unions to accept rises in line with future inflation, projected to fall sharply to 20 per cent by mid-1995.

"It's daydreaming, of course we will never go for such a proposal," warns Ms Seyhan Erdoydu, a Turk-Is official, "World Bank or OECD projections are one thing, but the government's own projections are never met."

The government is hoping to appease union grievances, at least in the public sector, by introducing unemployment insurance for those made redundant by privatisation. This reform however, is currently frozen.

In addition to wages, the unions complain about the rise in value added tax, and the government's failure to fulfil a pledge to provide a right to strike for civil servants.

However, Mrs Çiller appears to be gambling that the unions, and the Social Democrats, their allies inside the coalition, will opt to protect jobs rather than push for higher wages.

In June parliament ratified on second reading the International Labour Organisation convention on job protection, which the unions believe provides a legal basis to challenge dismissals.

However, union militancy appears to be waning. Last year saw a sharp fall in the number of days lost to strikes, with just 38 strikes in the first six months of 1993 compared with 398 in 1991, according to union figures.

With the government meeting its fiscal targets in the first three months of the programme, economists believe Mrs Çiller will want to hold the line on wages, which may give her more room for manoeuvre in the autumn, when parliamentary and union opposition to the austerity measures is expected to intensify.

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Next stage of Russian asset sales blocked

By John Lloyd in Moscow

Russian reformers will press President Boris Yeltsin to sign a decree giving a legal base to the second, crucial phase of privatisation – after the state duma, or lower house, refused to pass the government's bill by a large majority on Wednesday night.

In the first phase, some 70 per cent of state enterprises were auctioned in exchange for vouchers. Yesterday, Mr Anatoly Chubais, deputy prime minister for privatisation, made clear yesterday that he would push ahead with a second stage under which the remainder would be privatised for cash. "The president must act," he said.

The government hopes that the industrial restructuring process, still in its infancy, will take off in the second round, pushed by Russian – and to a lesser extent foreign – investors seeking to make enterprises profitable and competitive. A long fight with parliament over would be a severe setback for a government pointing with increasing confidence to signs of recovery.

However, the road still appears open for compromise, the more so since the bill was not thrown out but referred to a commission for further work. Mr Sergei Burkov, a centrist deputy who presented a report on the bill to the duma, said that the programme would sell off state assets at an artificially low price; that commercial banks had to be given greater rights to take part in the privatisation process; and that closed joint stock societies, formed in the early stages of privatisation to keep shares within a narrow circle, usually of directors, should not be forced to open up.

Mr Chubais had earlier pressed for a decree to allow the privatisation process to start, but had been turned down by President Yeltsin, who insisted on the parliamentary route. A decree on this subject where parliament has clearly shown the wish at least to amend the legislation, would raise the political temperature, which has so far been mild.

A meeting of government and deputies today called to discuss economic reform will be told that tax collection for the first six months is running at only a little over 60 per cent of the estimated level and that inflation, down to 4 per cent in June, will surge to around 10-11 per cent in August because of the payment of delayed salaries.

EUROPEAN NEWS DIGEST

Hungary acts on borders

Hungary's new Socialist government yesterday opened the way for a "historical reconciliation" with Romania and Slovakia by offering to renounce formally all territorial ambitions against them. Mr Gyula Horn, making his inaugural speech to parliament as prime minister after winning May's elections, announced that Budapest would begin treaty talks "without delay" with Bucharest and Bratislava. Mr Horn said Hungary was ready to enshrine in new bilateral agreements a guarantee of the inviolability of borders upon which Romania and Slovakia had insisted. He tied his concession to the incorporation of a commitment on minority rights for the roughly 2m ethnic Hungarians in Romania and 600,000 in Slovakia. He has nevertheless abandoned the position of the outgoing centre-right government, which ruled out the revision of frontiers by force but refused to carve in stone a territorial settlement it deemed unjust. In pointed contrast to a conservative predecessor who called himself premier of all 15m Hungarians, within and beyond the borders, Mr Horn said he was prime minister of Hungary's 10.5m inhabitants alone. "This government is the government of the citizens of Hungary," he declared. Tension however remains high in Cluj, capital of the Romanian region of Transylvania, after nationalist mayor Mr Gheorge Funar tried to remove a statue of King Matthias of medieval Hungary, which is a central symbol of the city's ethnic Hungarians. *Nicholas Denton, Budapest.*

Latvian coalition to resign

The Latvian coalition government is to resign because of the decision by the Peasants' Union party, the smaller of the two coalition partners, to pull out of the government. Mr Valdis Birkavs, announcing the decision on television on Wednesday night, said however that his Latvian Path party would be ready to form a new government with another coalition partner. The Peasants' Union decision reflects growing tension over economic policy in Latvia, and came after Mr Birkavs had refused the Peasants' Union request for increased tariffs on imported foodstuffs.

The president and prime minister of Estonia yesterday issued a statement welcoming the offer by Russian President Boris Yeltsin for talks – described by Mr Yeltsin as a "final effort" – on the withdrawal of Russian troops from Estonia by August 31. Mr Yeltsin said at the Group of Seven summit in Naples that he would not withdraw the troops unless Estonia guaranteed full civil rights for the large ethnic Russian population. Estonia, along with Latvia, has adopted a citizenship law which in practice restricts the numbers of Russians able to take citizenship. *John Lloyd, Moscow*

EU to rule on media ownership

The European Commission is expected to propose this month that the European Union draw up rules on concentrations of media ownership, a Commission official said yesterday. National laws aimed at ensuring that newspapers and television stations reflect diverse views differ widely, making it difficult for companies to operate across borders, said Mr Paul Waterschoot of the Commission's internal market division. European legislation would probably choose to limit media ownership depending on the size of the audience rather than on the number of publications or stations any one company owns. The Commission decided the EU should act following consultations with industry, national officials and others on a "green paper" it issued in 1992, he said. *Reuter, Brussels*

Caution on broadcast quotas

European Commission officials responsible for European policy on culture and the broadcasting industry yesterday distanced themselves from comments this week that quotas designed to protect the European film and television industry could soon become a thing of the past. Advisers to Mr João de Deus Pinheiro, commissioner responsible for the audiovisual industry, are irritated that Mr Reinhard Büscher, a member of the industry cabinet, raised the prospect of technological changes in broadcasting making quotas impractical. Mr Pinheiro insists that quotas – which require at least half of all broadcasts shown on any channel to be European – will remain. However, the Commission is looking at ways of altering the manner the quotas are applied to reflect the development of specialised channels, such as a Disney channel, where the current quota rules are completely impractical. *Emma Tucker, Brussels.*

No questioning for Claes

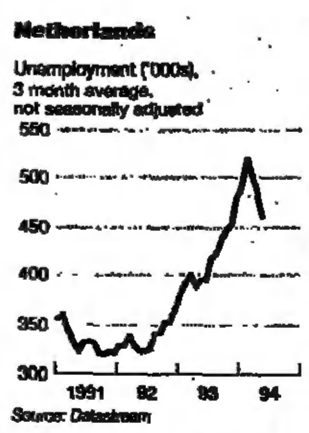
Mr Willy Claes, Belgian foreign minister, will not have to appear before the country's highest court for questioning over a financial scandal, following a vote in the Belgian parliament yesterday. The parliament voted to question former deputy prime minister Mr Guy Coeme in the investigation. It is alleged that a research company, Inusop, which conducted opinion polls for the government, channelled taxpayers' money to political parties in the late 1980s. The vote followed a report by a parliamentary commission which said there was enough evidence to justify Mr Coeme going before the court, but said there were insufficient grounds for Mr Claes to appear. *Reuter, Brussels.*

Delays at Athens airport

Greek Transport Minister Theodoros Pangalos warned summer travellers yesterday that long delays at Athens airport would persist because of the big seasonal increase in flights. The delays, often of two to four hours, are due to air traffic controllers' refusal to work overtime, an inadequate radar system and a 30 per cent increase in flights during the summer. Mr Pangalos wants a new radar system operational as soon as possible but ruled out a wage increase. The Board of Airlines Representatives said: "The situation is a nightmare for tourists and threatens Greece's commercial interests." *Reuter, Athens.*

ECONOMIC WATCH

Fewer Dutch out of work



Source: Datastream

Dutch unemployment fell for the third consecutive month in June, confirming a trend that emerged earlier in the second quarter after nearly two years of increase. The central statistical office said yesterday that an average of 461,000 people were registered as unemployed in April-June, down from an average 483,000 in the previous three-month rolling period of March-May and 500,000 in February-April. The figures, which are not corrected for seasonal factors and are based on a narrow definition of registered joblessness, are equivalent to an unemployment rate of 7.2 per cent. Despite the month-to-month decline, registered unemployment in April-June was still higher than a year earlier, when 394,000 people were unemployed and the jobless rate stood at 6.2 per cent. *Ronald van de Krol, Amsterdam.*

■ Norway's trade surplus widened to NKr5.54bn (£521m) in June from NKr4.88bn in May and NKr4.98bn in the same month last year, the central bureau of statistics said.

■ German company insolvencies rose by 18.8 per cent in April against the same period last year. 1,234 companies became insolvent in April 1994, bringing the total to 4,894 in the first quarter. The figure for the first quarter rose by 22.4 per cent against last year.

NEWS: WORLD TRADE

Increasing frustration among business community, says Garten

US warning over deadlock

By Michiyo Nakamoto in Tokyo

Trade negotiations between the US and Japan are caught in a worrying deadlock which could lead to renewed tensions in Washington, a senior US trade official warned yesterday.

Mr Jeffrey Garten, the undersecretary of commerce for international trade, indicated that bilateral negotiations aimed at increasing access to Japanese markets have not made much headway and that unless there was visible progress progress in the talks, frustration could mount in Washington.

"Progress is very slow. Most of the major problems are still in front of us," he said.

Mr Garten yesterday took part in sub-cabinet level talks on increasing foreign access to Japan's car and motor vehicle parts markets, one of the priority areas in the framework negotiations between the US and Japan.

Since the trade talks resumed in May, the rhetoric has been toned down, Mr Garten noted. But there was still "significant difference in the perception of whether or not there is an access problem."

The framework trade negotiations, agreed between Japan and the US last summer, broke off in February this year when the two sides could not agree on ways to measure progress in opening Japan's markets.

Mr Garten cautioned that there was increasing frustration among the business community in the US and that once legislation approving the Uruguay Round agreement is passed, Congress would turn its attention more to Japan.

"The concern is that just because we have been able to contain the tension... this should not be seen as an indication that that is going to last for a very long time."

Meanwhile, the US is developing an export strategy for Japan "above and beyond the framework trade talks" which involves looking into ways the government can help US companies win Japanese Overseas Development Administration contracts and other projects in Japan, such as the Nagano Olympics.

The Clinton administration is aiming to nearly double exports to $1,000bn by the year 2000 and one particular focus of this export strategy will be the information technology sector, Mr Garten pointed out.

"This is the kind of area that the US and Japan can co-operate on, not just in the US, not just in Japan but elsewhere.

These kinds of issues will have a major impact on US-Japan relations in the future," he said.

Nippon Steel takes stake in CF&I

By Michiyo Nakamoto in Tokyo

Nippon Steel, the world's largest steelmaker, has agreed to take a 10 per cent equity stake in New CF&I of the US, a subsidiary of Oregon Steel, and provide its subsidiary, CF&I, with the technology and facilities to manufacture head-hardened rail.

The deal will enable Nippon Steel to overcome the adverse impact of the yen's sharp rise against the dollar and to deflect US anti-dumping charges. The arrangement will enable CF&I to supply its customers in the railway industry with a leading product.

The venture comes two years after CF&I joined Bethlehem Steel in bringing charges against Japanese steelmakers of dumping rail in the US. Those charges were dismissed in June, 1992 by the US International Trade Commission.

Head-hardened rail, which is longer lasting than ordinary rail, is expected to see greater demand in the years ahead. However, most US steelmakers, including CF&I, do not have the technology to manufacture head-hardened rail.

Nippon Steel said that the agreement would allow it to sell its product in the US without having to worry about dumping charges. The yen's high appreciation has meant that Japanese steelmakers exporting product to the US will be forced to raise their prices significantly if they want to avoid anti-dumping charges.

Taiwan invests heavily abroad

By Laura Tyson in Taipei

Overseas investment by Taiwanese companies rose rapidly in the first half of this year. The government approved $936.3m in investments by local companies in countries other than China during the first six months of this year, a 54 per cent jump from the $606.8m (£399m) recorded in 1993.

But January-June approvals for investment in China were sharply lower, amounting to only $434.7m against $3.6bn for 1993, according to the economic ministry's investment commission. Analysts attributed the steep decline to China's economic clampdown imposed last year and tensions generated by the March 31 killings of 24 Taiwanese on a pleasure boat tour.

It was also noted that China had largely discarded the preferential treatment accorded to Taiwan companies in the form of tax breaks and other incentives.

Meanwhile, government-approved inward investment in the first half climbed 49 per cent from a year earlier to $639.1m. The petrochemical, food and services sectors recorded the largest gains.

Analysts cautioned that the outward investment figures were an indicator of investment interest by private-sector Taiwan companies but were skewed because they do not include the substantial offshore activities of state-run companies.

This makes it is difficult to discern the true impact of the government's "Go South" policy launched last year to encourage Taiwan companies to steer their investment plans away from China and its vagaries toward other countries in the region.

South-East Asian countries continued to be a magnet for Taiwanese cash, with Malaysia topping the list at $101.5m, up from $42.2m during the first six months of last year. The commission approved investments of $39.1m in Thailand, versus $19.2m in 1993.

An important beneficiaries of Taiwanese investment is Europe, officials said, via the British Virgin Islands, from which Taiwanese may invest in the EC tax-free. Investment in the "other areas" category hit $637.9m in the first half, up from $120.9m in 1993.

● Parliamentary clearance for Taiwan's fourth nuclear power station has opened the way for the government to award the $2.2bn contract for the nuclear reactor.

Three international concerns – Swiss-Swedish concern ABB via its US arm Combustion Engineering; France's state-run Framatome; and US firm Westinghouse in partnership with public utility Nuclear Electric of the UK – are vying for the project. A final selection is expected in August or September.

A North American storm in a cereal bowl

By Laurie Morse in Chicago and Nancy Dunne in Washington

The much trumpeted virtues of integrating the North American market and harmonising commercial systems in the US, Canada and Mexico are turning out to be unproven in one sector at least – agriculture. The US and Canada are again on the brink of trade war – this time over wheat – and Mexico has launched countervailing duty investigations against wheat sales by both its North American trading partners.

The US-Canada dispute could reach boiling point this summer if President Bill Clinton decides to use his powers under Section 22, an obscure provision of the US Farm Act of 1933, to impose tariffs or quotas on Canadian wheat imports. If he acts, as recommended last week by Washington's International Trade Commission, Canada will almost certainly retaliate with restrictions on imports of a variety of US food and farm goods.

What would be even worse for trade liberalisation, the US and Canada could settle their differences without sanctions by allowing each other to continue the protection of favoured farm sectors – say US grain for Canadian poultry, dairy and eggs.

Trade analysts say this chaotic state of affairs in the continent's newly minted free trade area stems from state intrusion in agriculture and differences in the nature of that intrusion. What the three North American governments are doing is arguing over whose intrusion is the most damaging.

The US pays loans and subsidies which support domestic prices and export subsidies which depress external prices. Canada has a Wheat Board, which operates like a monopoly, and transportation subsidies. Mexico, now the least protectionist of the three, pays income support to poor and medium-sized farmers and plans to phase the payments out over the next 15 years.

President Clinton is not required to protect the US farm programme, except that he has political dues to pay to northern plains senators and congressmen. Once the ITC had given the administration its first legitimate cause to act, Senator Max Baucus of Montana and Byron Dorgan of North Dakota lost no time in reminding Mr Clinton that he had promised last November to assist US wheat growers.

The impact of the dispute may be temporary. If, as expected, Congress approves legislation to implement the hard-won Uruguay Round trade agreement, trade barriers under Section 22 would become illegal. The Clinton administration has sought sanctions against Canada under Article 28 of the General Agreement on Tariffs and Trade, but this would have to be approved by Congress. The House Ways and Means committee has already turned its thumbs down to the proposal.

In the meantime, the dispute could give US agriculture officials muscle to negotiate reforms in Canada's grain marketing system. They want increased transparency in the Wheat Board's export pricing policies – in fact, they say the US-Canada Free Trade Agreement appears to require more transparency. And, they argue, while Canada does not employ export subsidies, the Wheat Board regularly undercuts the subsidised prices of their competitors. The amount of bluster coming from both sides in the wheat dispute is surprising given the relative insignificance of the size of the wheat trade between the two countries.

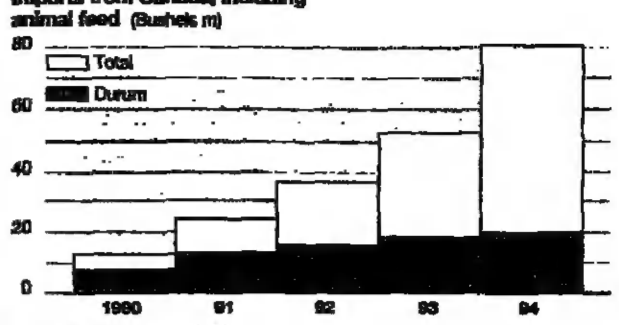
Of the food-quality wheat that crossed the border, large quantities were shipped back into Canada as part of the $77m pasta trade. In fact, the flow of raw and processed agricultural products could, if left alone, form a model for the Clinton administration's vision of the integrated North American market.

Grain trade analysts view the wheat from Canada flow as a temporary adjustment to a poor crop in the US last year, and expect the volume of Canadian exports to ease of their own accord as the US feedgrain crop normalises with this summer's harvest.

The "dispute" they say, should be viewed in the context of politics between Washington and the northern plains states and the complicated manoeuvrings that are occurring as the world's largest grain producers jostle for position in a post-Gatt world.

US wheat

Imports from Canada, including animal feed (Bushels m)



Source: USDA and census import data

US President Bill Clinton today receives the International Trade Commission's recommendations on Canadian wheat imports. Each commissioner can produce his own solutions, and they could vary widely. Three of the six members last week found that Canadian wheat imports had "materially" injured the US farm support programme. They could recommend import curbs through either tariffs or quotas. The other three commissioners – two Republicans and one Democrat – found only an "adverse impact" on the US wheat programme and could recommend only temporary measures.

NEWS IN BRIEF

Honda to halve US exports

Honda Motor of Japan will halve its annual exports to the US to 150,000 vehicles by 1999 in an attempt to reduce risks from exchange rate fluctuations, agencies report from Tokyo.

The Nihon Keizai Shimbun newspaper reported that under a long-term business plan, Honda also planned to boost exports from its US plants to Japan and other countries nearly four-fold to 150,000 vehicles a year.

Honda hopes the moves will help ease Japan-US trade friction over vehicles.

Caterpillar in Russian plan

Caterpillar of the US is holding talks with the International Finance Corporation and the US Overseas Private Investment Corporation to fund two joint ventures with Russia's Zil truck maker, Reuter reports from Moscow.

A senior Caterpillar official said financing was being put together for the US diesel engine maker's new Novodiesel joint venture with Zil, agreed on June 24, and its Diesel System joint venture signed earlier this year.

Novodiesel will produce Caterpillar truck engines in the 150 to 500 horsepower range, starting from 1995.

Minolta in China venture

Minolta Camera of Japan has announced the formation of two joint ventures in China in October to manufacture and market cameras and copier machines, Reuter reports from Tokyo.

One joint venture will be formed in Shanghai with China's largest camera maker, Shanghai Camera Factory.

The new company will be capitalised at $4.5m and will start producing 20,000 cameras a month from early next year. Minolta plans to expand production to 100,000 cameras a month within two to three years.

Mexican legal system puts progress in fetters

By Damian Fraser in Mexico City

THE NEW ECONOMIC ORDER

There is at least one point of agreement in Mexico for the governing party and opposition, business organisations, foreign investors, and lawyers: the country's competitiveness and economic progress is hindered by its slow, outdated and often corrupt legal system.

The broad alliance in favour of legal reform reflects the dissatisfaction with a judicial system that has hardly been touched by the economic and social reforms of the past decade.

Mexico's judges are still largely subservient to the executive branch; corruption is common; litigation is extraordinarily slow; and many important commercial laws, dating back to the 1930s, are inadequate for today's businesses.

In a recent report, the World Bank said the weakness of Mexico's legal system was an "important constraint to private-sector development". The unclear legal environment, *added to the cost of capital,* created uncertainty and discriminated against small businesses, which are more vulnerable to arbitrary legal decisions than large companies.

The system's poor reputation is believed to have reduced foreign investment, especially in the agricultural sector, where commercial law is least developed. "There is a great deal of fear in many US businessmen's minds about coming to Mexico," *says Mr Vincent Russo, deputy director of the* National Law Center for Inter-American Free Trade, which is looking at ways of harmonising trade and investment laws in the Americas. "Mexico's legal system generates mistrust and scares people away."

But any reform of the legal system is made more difficult by the fact that the creation of an independent judiciary would reduce the power of the ruling party. "The basic problem is *impunity and arbitrariness, which is a result of a lack* of democracy," says Mr Santiago Creel, a prominent Mexico *City lawyer.* "Modernisation of the legal system depends on changing the political system."

Although Mexico's constitution upholds the judiciary's independence, in practice judges are often answerable to the government. Given the Institutional Revolutionary party's domination of Congress, the president and *governors can pick and dismiss federal and state judges almost as* they wish.

"It can be dangerous to fight *in the courts against* powerful political interests," says Mr Ernesto Ayala, a litigant with Bufete, Noriega and Escobedo, a top law firm in Mexico City.

Partly thanks to the efforts of Mr Jorge Carpizo, the former attorney-general who is now interior minister, several corruption cases involving judges have come to light. Last year, *Mr Carpizo's office ordered the arrest of Mr* Ernesto Diaz Infante, former Supreme Court Justice, for *allegedly taking a $500,000* (£329,000) bribe while in office for arranging the release of a man convicted of raping and murdering a young girl. Mr Diaz disappeared soon after his arrest was ordered.

While corruption is said to affect only a small minority of cases, the resolution of disputes in Mexican courts is generally "lengthy, costly and unpredictable", according to the World Bank. Under Mexico's legal system, almost *every case in state courts can* be appealed against in federal courts, enabling parties to delay cases for years.

The World Bank reports: "Deficiencies in the system of legal education and training and a dearth in appropriate standards of professional ethics, have left legal practitioners complacent and unprepared to meet the challenge of their business clients competing in a global economy."

The effect of *unpredictability* is that businesses often avoid signing contracts with *companies they do not know,* to minimise the chance of landing in court, according to a US lawyer who is studying the impact of Mexico's legal system on the *economy. This discriminates* against new companies.

Commercial laws further discriminate against small businesses by making it difficult to secure credit by pledging the lender movable property – such as machinery – as a guarantee. In the US secured credit by some estimates accounts for as much as 40 per cent of business loans. In Mexico companies either have to mortgage land or houses when borrowing money, or pay high rates of interest charged for unsecured credit.

"Mexico's small and medium-sized businesses are going to get killed as US businesses come down with 10 per cent credit," says Mr Russo. "If the government does not move on secured credit, Mexican businesses will be in trouble."

This article is the fifth in a series on the recovery in latin America. Previous articles appeared on June 24 and 30, and July 5 and 12.

THE NEW AGENDA – REFORM OF CIVIL SERVANTS

In the last 10 years, the role of government in the economies of Latin America has been in decline, writes Stephen Fidler, Latin American Editor. As governments have privatised inefficient state industries and deregulated, there has been *strong emphasis on* the importance of market mechanisms in generating economic growth.

Although few can claim to have completed market reform, the pendulum already seems to be swinging the other way – towards trying to improve the way that governments function.

Studies of the successful Asian developing economies almost always *underline the constructive role of* government – and in particular meritocratic bureaucracies – in generating growth. However, because of the poor record of Latin American governments, some economists believe the optimal size of the state there is smaller than in Asia.

Some functions, however, are inevitably the state's responsibility – legal systems and regulation of private utilities. *In other activities* – such as social services – the market may have a role but the state's participation is often essential.

Mr Ricardo Hausmann, a former Venezuelan minister and the chief economist at the InterAmerican Development Bank in Washington, says: "The agenda ahead is highly concentrated on these institutional issues."

He identifies one important problem seen all over the world but is particularly acute in Latin America: the tendency of departments of government to lose sight of their objectives. "Institutions tend to fall under the control of the producers, rather than the *consumers." Bureaucracies tend* to function for the benefit of those working inside them and attempts to reform them are often thwarted by powerful public sector unions.

Furthermore, government bureaucracies have been weakened by fiscal stringency, another aspect *of economic reform.* This has reduced real wages in the public sector and its ability to attract talent. "It's not *at all clear whether significant* progress has been made [in reforming bureaucracies], though the problem may be less critical because their scope to do harm has been reduced by the reforms," he says.

Mr Andrew Nickson, a senior lecturer at the University of Birmingham with direct experience of several Latin American bureaucracies, agrees that bureaucratic capabilities in the region are very weak. Some governments, encouraged by the IADB and the World Bank, are shedding large numbers of civil *servants – but there is little evidence* that the capacity of remaining civil servants is being improved.

Not only are wages low, but career possibilities of civil servants are stunted. They can rarely move from one department to another (or from one municipal or state government to another) because there are no uniform civil service standards.

There are some reasons for *optimism that the trend toward* decentralising government increases its accountability to the public. However, he says "virtually every country pays lip service to the idea of a career-based civil service, but the reality is very far from the rhetoric. I don't honestly see very much change."

WORLD CUP

Brazilians ready for 'battle of the big dogs'

Shot after shot *failed to pierce* Sweden's armour. But then the smallest man on the field rose above it all to head the goal that nudged Brazil into Sunday's World Cup final against Italy.

A header by Romário in the 80th minute of Brazil's semi-final against Sweden in Los Angeles gave them a 1-0 victory and a chance to erase the disappointments of the last five World Cups.

Earlier, Italy beat Bulgaria 2-1 in New Jersey in the other semi-final, thanks to two inspired goals in quick order by Roberto Baggio.

"I haven't made many of those," said Romário later, recalling the perfect *downwards-headed goal that* dashed Sweden's hopes. "I can probably count them all on the fingers of one hand."

The 5ft 6in Brazilian striker was the most visible man on the field all afternoon, but for 79 minutes the spotlight shone cruelly on the goals *he was missing – including an open* net in the 25th minute.

Branco fed Romário at the edge of *the penalty area, where he split two* defenders and then fooled Ravelli, the eccentric but resourceful Swedish goalkeeper. *But the striker* pushed the ball a shade too wide. When he regained possession, Romário hit a weak shot that Andersson, the Swedish full-back, zoomed in *to clear off* the line.

"I'm still trying to figure out where that guy came from," said Romário.

However, the game was not as close as the score indicated. In the view of most neutrals, Brazil overwhelmed their opponents.

"Technically, tactically and physically we controlled the whole game," Carlos Alberto Parreira, *Brazil's coach, said, relieved that* criticisms of their scrappy style and lack of menace in the earlier stages of the tournament had been deflected if not silenced.

"We took the initiative from the beginning, and 1-0 doesn't [reflect] Brazil's supremacy. The only difficulty *was putting the ball in the* goal."

Brazil repelled the Swedes with *outstanding defence – a word not* always associated with the heights of Brazilian art-house soccer. But *Romário had said before the game* that Brazil were at present playing "modern and efficient" soccer that might not be pretty but was at least producing success.

Having *studied* the Swedes closely, Brazil shut them down. There always seemed to be swarms of Brazilian blue shirts surrounding every white Swedish jersey.

"We annulled their air game, and that is the only way they know how to play," Brazilian 'keeper Taffarel said.

But the Brazilian front-line missed chance after chance. Zinho *fluffed an excellent opportunity in* the 13th minute. Romário fed Bebeto on the left, who one-touched it to Zinho racing in uncovered, but he shot into the side netting.

Then Andersson denied Romário. "I'm here to make goals *and* to miss them," the Brazilian reflected. "I *prefer to talk about the ones that go* in."

Seven minutes after that, Romá*rio blew another one.* Bebeto streaked up the left on a counter-attack and fed Romário in the middle, a play they had rehearsed all week in training. But Romário stepped on the ball, stumbled and managed only a weak shot that Ravelli knocked away.

Brazil *out-shot Sweden 15-1 in* the first half and 26-3 overall.

Brazil's victory means that the winner of *Sunday's final in Los* Angeles – "a battle of big dogs," according to Brazilian mid-fielder Mazinho – will become the first four-time winner of the World Cup.

The last time Italy and Brazil met in the final – in Mexico City in 1970 – Pelé led an inspired Brazilian *team to a 4-1 win.*

Brazil probably benefited from a day's more rest than Sweden, after the quarter-finals. "We had too short a time to reload our batteries after running them down against Romania last Sunday. We did not come up to the same class as we did *before," said Swedish coach Tommy* Svensson.

Brazilian striker Romário rounds Swedish goalkeeper Thomas Ravelli in the first half of the semi-final, only to have his shot cleared off the line. Brazil's beautiful flowing moves were frequently marred by poor finishing Reuter

More important than matters of life and death

Political unrest, civil war and economic hardship are simply minor irritations, writes Simon Kuper

The best way to get applauded on the streets of *Haiti is to wear a Brazilian* football shirt. Haiti's team are so bad they were kept out of the World Cup by Bermuda, so the whole country supports Brazil.

"You are asking which is more important – Brazil or a US invasion?" one fan asked an American reporter. "We are hungry every day. We have problems every day. The Americans talk about invading every *day.* But we only have the World Cup every four years."

During the World Cup, economic sanctions against Haiti *have failed* to bite and talks between government and opposition were out of the question. At half-time during matches, Haiti's black-and white TV sets show bloody videos of the US invasion of Panama, with texts like *No to Intervention* superimposed.

"This country is demobilised by the World Cup," complains Haitian Prime Minister Robert Malval. "I think when we wake up on July 18 – that's the end of the World Cup party. And that will be the beginning of the end of the party here."

This World Cup is having a bigger effect on countries' politics than any previous World Cup. True, the Argentine junta used the 1978 World Cup much as the Haitian junta is using this one, and West Germany's 1954 triumph did more to restore German self-respect than Konrad Adenauer ever could.

Other examples abound. But this World Cup is more serious. For a *start, there* are more TV sets in the world today than there were even four years ago. The tournament is attracting vast audiences. The average human – a Chinese peasant, Essex Man, Alexandr Solzhenitsyn – will probably have watched six World Cup games by the end of Sunday's final.

Rwandans root for Nigeria, Bangladeshis for Maradona (they held protest marches in Dhaka after he was banned for drug-taking), and no doubt the Eskimos have their favourite team.

In 1950, famously, Britain learned by telegram that the US had beaten England in Brazil, and even later things were not much better in Africa and Asia. But telegrams do *not tend to demobilise* nations.

Second, in this lone superpower world, the World Cup is the one key arena which the Americans do not dominate. One Mexican soccer-lover living in Boston told me that he would prefer not to see football taking off in the US.

The World Cup is the most direct way we have of ranking the nations of the world – it is hard to compare GDPs in a way that is quite as visually appealing – and the Americans' weakness at soccer leaves the field relatively even.

Soccer can give a nation status. When we say "Brazil beat Holland" we feel we are talking not just about their soccer teams but about the countries themselves.

"In the World Cup, all we lost is two games. We didn't lose our national honour," a Colombian state governor tried *to argue a few* days ago. He was standing beside the coffin of Andrés Escobar, the Colombian player (and own-goal scorer) slain on his return home.

Whereas in the past most countries were dictatorships propped up by the US or USSR, now dozens are (or are becoming) democracies. Nicolae Ceaucescu and Todor Zhivkov did not worry about public opinion, and in the 1980s nor did African leaders.

Now the Cameroonian president, Paul Biya, is so worried that for two World Cups in a row he has recalled the middle-aged Roger Milla to the team (what will he do in 1998, when Milla is 46?).

Ethnic tension rises, and rulers look to the *World Cup to foster* unity. General Sani Abacha likes the Nigerian team to include players from each of the country's three main tribes, and after Romania beat Argentina, President Ion Iliescu said the ethnically diverse team had created a "national consensus." (That was before the ethnic Serb Belodedici missed the decisive penalty in the quarter-final).

The US squad, which contains Hispanics, blacks, Italian- and Greek-Americans – precious few Wasps – received a call from President Clinton that was shown on prime-time TV.

Democratic rulers everywhere are struggling, and they all turn to the World Cup. In Italy, where soccer is perhaps the least tarnished national institution of the moment, Silvio Berlusconi got himself elected *prime minister with a party named* after a football chant.

In Brazil, Mexico and Argentina, *presidents* have appeared on *TV* during the World Cup to suggest changes to the national team's line-up. Even in Norway, *Prime* Minister Grö Brundtland appeared on a TV panel commenting on the country's opening game.

Countries that need the World Cup most were only admitted to it quite recently. Fifa, soccer's governing body, first gave Africa a World Cup berth in 1970; only this year did the continent get three places. Asia, with more than half the world's population, for long had only one spot, and still has only two.

And the poor are improving. African teams regularly reach the second round. The Third World cares: when Egypt drew with Holland in 1990, *soldiers of all factions in Beirut* spent the night firing into the air. When England beat Cameroon a *couple of weeks later, a Bangladeshi* man had a heart attack and a Bangladeshi woman killed herself. "The elimination of Cameroon also means the end of my life," read her suicide note.

Americans are trying hard to understand. "When Brazil lost in 1990 people were jumping off buildings," said US star striker Eric Wynalda. "I don't think anyone jumped off a building when Buffalo lost the Superbowl."

Dollar continues its cautious recovery

By Philip Gawith in London and David Waller in Frankfurt

The dollar continued its cautious recovery on foreign exchanges yesterday, helped by supportive comments from Mr Lloyd Bentsen, US treasury secretary.

Earlier in the day the US currency had been buoyed by wild rumours, later denied by US defence officials, that the US had invaded Haiti. It also took heart from firmer international bond markets.

"We're going to continue to be in accord with the Federal Reserve as far as their objectives to see that we have sustained growth with low inflation, and work toward a strong dollar," Mr Bentsen told reporters.

The dollar closed in London at DM1.5457 from DM1.5383 on Wednesday. It finished at Y98.28 against the yen from Y98.155. During US trading it touched DM1.5560 and Y98.65, before easing back.

Traders said the dollar's bounce back was being supported by technical factors, but were not prepared to say that the recent bear trend had been reversed.

Earlier the dollar had received some muted support from Mr Hans Tietmeyer, the Bundesbank president. He told a lunch in Frankfurt that "the world economy has an interest in an internally and an externally stable dollar."

He made clear, though, that "the prime responsibility for the dollar's strength lies in the US itself. The thesis current at the beginning of the seventies – it's our currency but your problem – is clearly too short-sighted," he said.

> 'The thesis that it's our currency but your problem is clearly too short-sighted'

The economic data that emerged in the US provided a confused message for the dollar. June retail sales were in line with market expectations, and May sales were revised down, providing no evidence that a Fed policy tightening is required.

The White House mid-session budget review, however, said the economy was approaching full capacity faster than expected.

More encouraging for the dollar was the recovery in US and European bond markets. One of the factors behind D-Mark strength – and dollar weakness – in recent months has been investors selling European bonds and putting the receipts into D-Mark deposits. The recovery in bond markets suggests this trend may be being reversed.

"If this is a turn in the bond markets it should be positive for the dollar," said Mr Chris Turner, currency strategist at the securities house BZW in London. "Anything that takes upward pressure off the D-Mark would have to be good for the dollar."

Dealers report that some investors are now starting to see good medium-term value in the dollar at its current levels. But they warn that it may still fall further against the yen, especially if the US continues its tough attitude towards Japan on trade issues.

Mr Jeffrey Garten, the US under secretary of Commerce, said in Tokyo that although the rhetoric had been "toned down," US strategy had not changed.

Mr Garten said "significant obstacles" remained in the way of progress.

See Markets, Currencies, Second Section

Washington closer to Haiti invasion

By Canute James in Kingston and Jeremy Kahn in Washington

The US has told regional Caribbean leaders that it will invade Haiti with a multinational force if the country's military regime has not imploded within three weeks, and providing the United Nations Security Council says the action is necessary.

According to Caribbean officials, in a series of meetings last week, Mr William Gray, the US adviser on Haiti, and senior representatives of the US National Security Council, the Department of Defence and the US Army Command, told regional leaders the US was "alarmed" at the increase in the numbers of boat people over the past fortnight.

The US officials reportedly told Caribbean leaders the US felt that the only way to end the flow of boat people was to force the military to leave office, and that it was willing to play a prominent role in a multilateral operation.

However, congressional and administration officials inthe US insisted yesterday that only US forces would be used in any invasion.

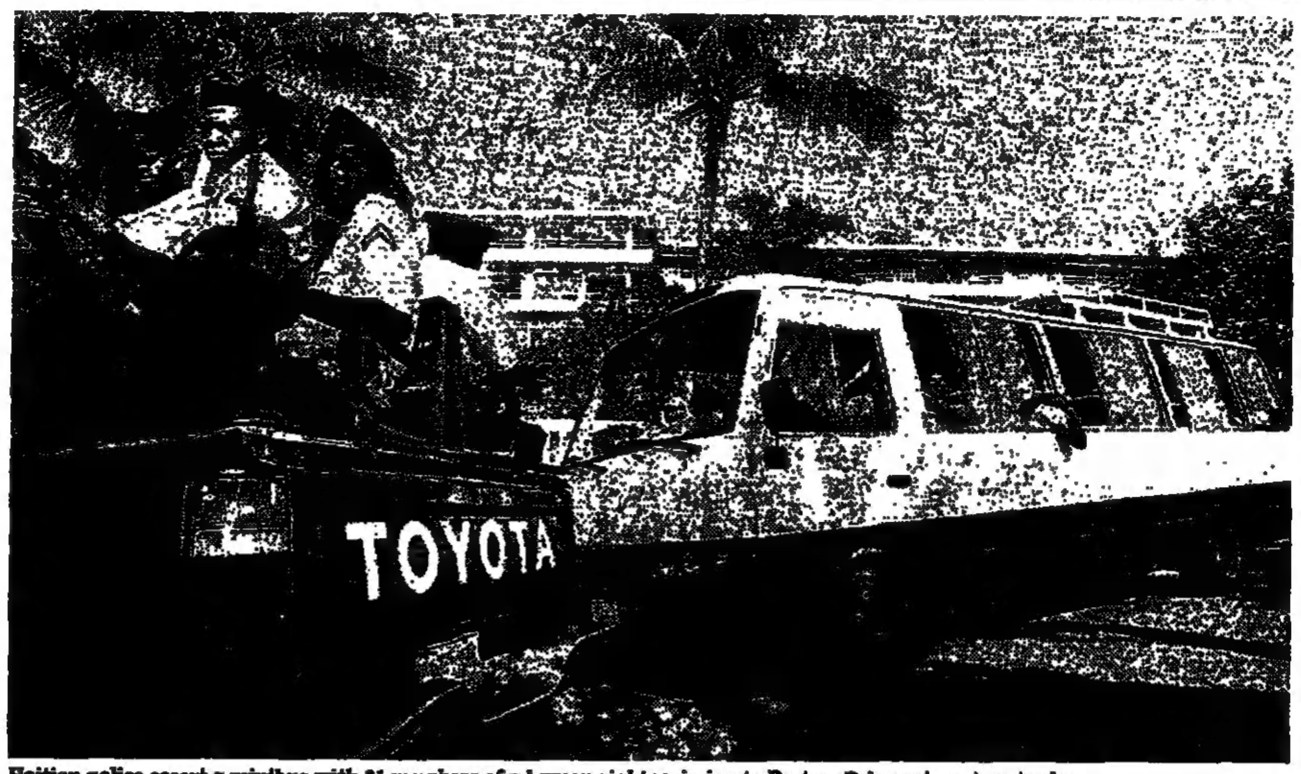
Haitian police had earlier escorted a minibus with 21 human rights mission members to the Port-au-Prince airport after an expulsion order from the ruling Haitian military government.

The mission, charged with monitoring human rights in the country, was expelled for performing "subversive activity."

Meanwhile, senior administration and Pentagon officials said yesterday that US forces had rehearsed an emergency evacuation of civilians on the island of Great Inagua, in the Bahamas, on Wednesday. The operation was similar to the operation that would be used to rescue US or other citizens from Haiti, they said.

The 400 US Marines who carried out the exercise, are part of a force now numbering 2,800, which is positioned off Haiti's coast.

Their mission is to evacuate the 5,000 US nationals in Haiti should their lives be in danger, but so far the Caribbean nation's military regime has made no threats against these civilians.



Haitian police escort a minibus with 21 members of a human rights mission to Port-au-Prince airport yesterday AP

US retail sales increase by 0.6% in June

US retail sales increased 0.6 per cent between May and June after falling for two consecutive months, the Commerce Department said yesterday. The report followed other recent signs of renewed economic vigour including a 379,000 increase in non-farm payroll employment in June – far above Wall Street projections, writes Michael Prowse.

The recovery in retail sales mainly reflected higher sales of motor vehicles which rose 1.5 per cent from May. Other strong sectors included building materials, up 2.7 per cent, and department stores, up 1.8 per cent. Overall, retail sales are running 6.6 per cent higher than in June last year, before allowing for inflation of about 2.5 per cent.

Officials released revised figures for May showing a decline of 0.4 per cent rather than 0.2 per cent as initially reported. Analysts expect real consumer spending to grow at an annual rate of little more than 1 per cent in the second quarter, down from 5.2 per cent in the first three months. But strong growth in capital spending, a rebound in construction and a rebuilding in corporate inventories are expected to compensate for weaker consumer spending.

Clinton tour shows US loss of direction

By George Graham in Washington

There was a time when an American president could help his standing at home by striding majestically across the world stage, basking in the adulation of huge crowds from Berlin to Beijing.

But for President Bill Clinton, a weeklong trip across Europe has done little to enhance his stature at home, while distracting him from pressing domestic issues such as the devastating floods in Georgia or the critical phase of his healthcare reform plans.

There is even a sneaking suspicion that his travels have not done him much good abroad, either. Leaders of the other Group of Seven leading industrial nations rebuffed Mr Clinton's principal initiative at their Naples summit, a last-minute proposal for new trade liberalisation talks. President Boris Yeltsin of Russia publicly upbraided him for blocking Russian exports and flatly contradicted him on the issue of getting Russian troops out of Estonia. And the crowds that greeted him in Riga, Warsaw and Berlin were at best politely enthusiastic, not the cheering multitudes that greeted his predecessors in the days when the Iron Curtain still stood.

Even as he travelled through Europe, Mr Clinton's time was taken up with two outlaw nations thousands of miles away, Haiti and North Korea.

Mr Jim Hoagland, the Washington Post's foreign affairs commentator, calls it "the disappearance of the American premium in international politics:" a sense that foreign leaders – from the US's G7 partners to the Haitian military junta – see little to lose in defying the US president and little to gain in making him look good.

Much of this is unconnected to Mr Clinton's own standing. The collapse of the Soviet Union and the disappearance of the Warsaw Pact have greatly diminished the significance of the US's protection to its allies, while the harsh realities of the transition to a market economy have made the American grass seem much less green to the citizens of the former communist countries.

But part is also linked to doubts over where exactly Mr Clinton and his administration stand; over whether, if pushed far enough, there is a point at which they will turn and fight.

European diplomats have been wondering, ever since the Asia Pacific Economic Co-operation summit in Seattle last year, which way the American Janus is facing: towards Asia or Europe. After Mr Clinton's third trip across the Atlantic this year, the answer is towards Europe; and within Europe, towards Germany.

In Bonn, Mr Clinton spoke of "a common partnership that is unique now because so many of our challenges are just to Germany's east." The "special relationship" with the UK he consigned to the status of a nostalgic curio: "Even though we fought two wars with them early in the last century it is unique in ways that nothing can ever replace because we grew out of them."

Senior US officials travelling with the president made it clear that they did not feel that other European countries shared with them the same degree of urgency and involvement over the integration of central Europe as Germany.

But Clinton administration officials have developed a formula for describing the significance they attach to each national or regional relationship: "No country/region is more important to us than..."

This ever-changing focus has caused some of the US's closest allies to wonder if the Clinton administration has any priorities at all for deciding what is truly important to it.

The answer from the administration is not reassuring.

"We want it all," said a senior State Department official.

Britain in push for better relations with Beijing

By Simon Holberton in Hong Kong and Our Beijing Correspondent

Mr Alastair Goodlad, a UK Foreign Office minister, arrived in Beijing yesterday for the start of a six-day visit marking the start of a concerted effort by Britain to improve its relations with China.

During his stay, to take in Shanghai and Guangzhou, Mr Goodlad will meet Mr Qian Qichen, China's foreign minister, and senior government officials responsible for China's relations with western Europe and Hong Kong.

He said on arrival in Beijing that Sino-British relations were good and "will be getting better". He is the most senior British politician to visit Peking since Mr Douglas Hurd, foreign secretary, went there a year ago.

Mr Goodlad is expected to tell his Chinese hosts the UK wants links put on a more normal footing. The two countries are permanent members of the UN Security Council and share common interests in free trade.

UK officials say the visit is not a negotiating session; they describe it as a chance to exchange views on a range of topics, which may include the safety of the Korean Peninsula after North Korean President Kim Il-sung's death.

Pressure is growing on Foreign Office ministers to recognise that, while the UK has a responsibility for Hong Kong, its bilateral relations with China will command centre-stage after the 1997 handover of the colony.

The UK government is under pressure from a restive business community which believes British business is losing out in China because of the government's stance on democracy in Hong Kong. A high-level business mission plans to visit China this autumn to improve commercial ties.

There has been evidence that China's hostility to Hong Kong's political development has cooled to the extent where Beijing will let large-scale infrastructure projects progress.

But Britain's decision to press on with Governor Chris Patten's plans for greater democracy continues to anger Chinese leaders.

Last week Mr Jiang Zemin, state president, said that while China would work for a smooth transfer of power in Hong Kong, Britain could not be trusted.

Advisers to China in Hong Kong have warned that while Beijing may be prepared to work with Britain on Hong Kong's transfer, relations would remain cool for many years to come.

A Foreign Office official said Mr Goodlad's trip would be a start to "getting the relationship back on track". The minister will spend next Wednesday in Hong Kong.

Sweeping changes urged on UN

By Michael Littlejohns, UN Correspondent, in New York

A privately funded study of the United Nations and its agencies proposes sweeping reforms to meet global problems that "can no longer be neglected without catastrophic consequences".

The authors – former international civil servants with considerable experience in the workings of the organisation – are Sir Brian Urquhart, a British war hero who was the UN's first employee in 1945, and Mr Erskine Childers, grandson of a former Irish president and an authority on third world development problems.

In their report, financed jointly by the Ford Foundation and the Dag Hammerskjold Foundation of Sweden, they state that as the UN nears its 50th anniversary next year there is mounting concern about its ability to remain an effective mechanism for peace and security in an increasingly complex world.

The authors recommend radical reforms in the International Monetary Fund, created by the Bretton Woods conference held 50 years ago this month. Third world nations have long criticised the Fund and the World Bank and the report notes that, despite or because of these institutions, 20 per cent of the global population still holds 80 per cent of world wealth.

Sir Brian and Mr Childers call for a UN monetary, financial and trade conference to develop an equitably governed, low-interest capital lending facility, and an equitably governed monetary fund working with a similarly governed universal trade organisation.

They also see a need for a single UN development authority consolidating all present UN development funds, and a consolidation of now-scattered UN relief operations.

Another proposal is for the establishment of a UN humanitarian security police force. Critics have accused the world body of allowing politics to influence too many decisions relating to human rights and humanitarian affairs.

The report calls for an inter-governmental consultative board for the UN system as a whole, an executive committee comprising the secretary-general and heads of specialised agencies, and a new documentation office responsible for creative management of economic and social reports.

The financially strapped world body could operate more efficiently from a single headquarters, the report advises. This need not be in New York or Geneva, although Sir Brian told correspondents at a briefing that he believed keeping New York as the centre would maintain the interest and support of the US.

Germany is prepared to offer inducements to the UN to move many or all operations to Bonn after the German capital transfers to Berlin, but so far this has not been seriously considered by member states.

Mr Boutros Boutros Ghali, secretary-general, had yet to study the report, his spokesman said. The document is not the first such contribution by the authors to debate about the shape and future of the UN. While their expertise is widely respected, far-reaching proposals are likely to encounter opposition in a body fundamentally averse to change.

Renewing the United Nations System. Erskine Childers with Brian Urquhart. Dag Hammarskjold Foundation, Ovre Slottsgatan 2, S-753 10 Uppsala, Sweden, or Ford Foundation, 320 East 43rd Street, New York, NY 10017, US.

China slows economy but keeps eye out for unrest

Beijing is walking a tightrope in trying to balance growth with fears of social dislocation, writes Tony Walker

Mr Deng Xiaoping, China's senior leader, was quoted in a pro-Beijing Hong Kong magazine recently urging continued rapid growth in the Chinese economy.

But the "designer" of China's economic reforms will be disappointed if he expected that the breakneck speed of 13 per cent growth in gross domestic product of the past two years would be maintained.

At mid-year all the indications are that China's economy is slowing in response to tight money and credit restrictions. Economists are now forecasting growth of about 10 to 11 per cent this year and further slowing to between 7 and 9 per cent in 1995.

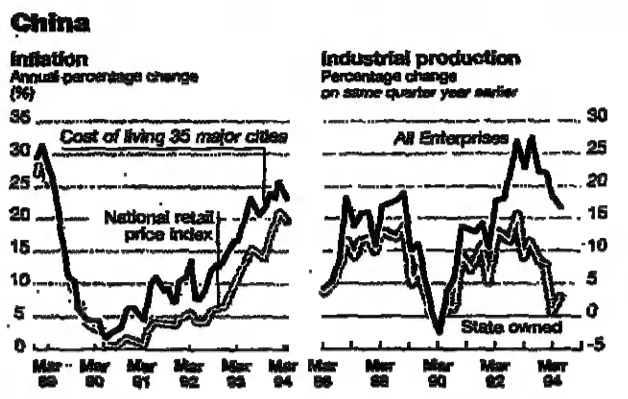
The key question, however, is whether the slowdown will prove too abrupt and risk a "hard landing" for the economy with associated dangers of unrest among a fractious population, especially in urban centres where unemployment and under-employment are rising.

Chinese officials fear urban unrest almost as much as the continued spiralling inflation of earlier this year when cost of living increases in the 35 major urban centres exceeded 25 per cent compared with the same period last year.

Western economists in Beijing say the government is "walking a tightrope" in its continuing efforts to balance the political need for high growth with fears of social dislocation caused by rising prices.

In the past month or so efforts to sustain relatively high economic growth appear to have taken precedence over the inflation fight. Credit restrictions have been loosened somewhat to provide working capital for faltering state enterprises which have suffered in the squeeze.

Latest statistics reveal the impact on the state sector of the credit restrictions. Losses to April by medium and large state firms were up by 63 per cent compared with the first four months last year. The proportion of loss-making enterprises had increased to about 47 per cent compared with 30 per cent in the first quarter of 1993.



By contrast, output of township and village enterprises – mostly small co-operative ventures – was up by 48 per cent in the four months to April compared with last year. Industrial output of foreign joint ventures rose by 68 per cent in the same period.

The authorities have also begun to give much greater emphasis to assisting the agricultural sector in response to signs of growing unhappiness in rural areas with growth in peasant incomes lagging well behind urban employees.

"The concern of the government has clearly shifted from macro-stability to agriculture and emerging urban unemployment problems," said Mr Peter Bottelier, the World Bank's chief representative in Beijing. "Sectoral problems rather than macro-problems are now dominating the scene."

The annual increase in the national retail price index peaked at 20.8 per cent in February after rising sharply from 8.4 per cent at the beginning of 1993. Cost of living increases of 25.9 per cent also reached their highest level in February before beginning to fall back.

Economists forecast that retail inflation would come down to about 16.5 per cent in the June quarter and cost of living rises would be in the order of 18-20 per cent for the half year compared with last year.

Producer prices have also been falling – by some 50 per cent since mid-1993. This augurs well for a further reduction in consumer prices through the rest of the year.

But Western economists also note that the re-introduction of price controls earlier in the year on some 20 basic items, including services, was a significant factor in slowing growth in prices.

Among slightly ominous recent developments as far as the continued liberalisation of China's economy is concerned have been signs that the leadership has begun re-emphasising central planning, including the re-introduction of grain production targets.

But at this stage in what has proved a difficult process of seeking to stabilise a runaway economy – 1993 economic growth reached an unsustainable 13.4 per cent – Chinese leaders would seem to have reason to be quietly satisfied with developments.

Among other positive indications is the slowdown in industrial production to a more manageable 18 per cent in the first quarter compared with a peak of 27 per cent in the second quarter last year. Investment demand is also weakening.

Growth of investment by state enterprises fell to about 38 per cent in the first four months of 1994 compared with peak rates of more than 70 per cent last year. In line with the government's attempt to re-direct funds towards infrastructure, investment in transportation and energy has continued to grow while that in machinery, light industry and real estate has been curbed.

The government might also be well satisfied with fiscal developments. While information is sketchy about the success of new tax reforms, including the introduction of a value-added tax, tax receipts have exceeded targets, according to the finance ministry.

The sale by the end of June of some Yn100bn (£7.6bn) of two and three-year treasury bonds surpassed expectations and is being hailed as an important success in the battle to drain liquidity from an overheating economy.

National savings rates have also been rising again after wavering last year amid near panic about rising prices which pushed people into buying gold and household durables. Urban and rural savings were forecast to reach Yn1,770bn in the June quarter, a 38 per cent increase over the same period last year.

But for all the positive signs, economists say that Chinese economic managers are not out of the woods. Not least of their problems is the debt-crisis among state enterprises caused by firms being unable to pay each other for supplies of raw materials or finished products.

This in turn is complicating efforts to push ahead with state enterprise reform and at the same time improve the balance sheets of the specialised banks.

As one western official said: "The leadership continues to be involved in a very difficult balancing act."

Nigerian court blocks bail for Abiola

By Paul Adams in Lagos

Mr Moshood Abiola, the winner of an annulled Nigerian presidential election last year, was refused bail yesterday on a technicality and faces trial for treason on July 28, as oil workers rejected claims by the military government that the strike which is bringing Lagos, the commercial capital, to a standstill was easing.

The judge in a recently created High Court in the capital Abuja ruled out Mr Abiola's bail request, which was made orally, as he said it should have been in writing. Mr Abiola was arrested last month for declaring himself president one year after his election victory was overturned.

The millionaire Mr Abiola, who looked sickly and frequently coughed in court, complained about the poor cells in which he was being kept.

Oil workers on strike in southern Nigeria are protesting against the actions of the military government, and are also critical of the state's lack of investment in the oil industry. The main producers of Nigeria's output of up to 2m barrels a day of crude oil say they are maintaining output but that, without key staff, they are "limping along".

The government claimed yesterday that the key Warri branch of Pengassan, the senior staff union, was ending its strike, although this was denied by Pengassan's head office in Lagos. The strike has stopped the Warri terminal producing natural gas for Nigeria's four thermal power stations in southern Nigeria.

The plants have all stopped working and there is no mains electricity in the south-west. Supplies of diesel in the region are also running out as offices, factories and homes rely on back-up generators.

Filling stations are nearly all dry and fuel is selling with a mark up of 1,000 per cent on the black market. In northern and eastern Nigeria supplies of fuel are normal but, although reaching Lagos harbour, the strike prevents supplies being distributed into the city.

A split appears to have emerged between northern and southern members of Pengassan. The Kaduna refinery in the north is not on strike but is not receiving crude oil from Warri. At the country's main refinery in Port Harcourt, workers of northern origin are considering staying at work while those from the south propose to strike.

Two northern branches of the Nigeria Labour Congress ruled out a political strike ahead of next Tuesday's vote by the executive of the congress on a general strike in support of the oil workers.

Pressure on Bolger as MP resigns

By Terry Hall in Wellington

New Zealand faces a month of political uncertainty after the surprise resignation from parliament of Ms Ruth Richardson, former finance minister. The National government would lose its slender majority if it lost Ms Richardson's marginal seat in the resultant by-election.

Mr Jim Bolger, prime minister, said on television last night he had been tempted to call a general election to ensure a stable government. "However, I was elected to lead for a full three-year term," he added.

The leader of the two-seat opposition Alliance party said he would vote to ensure the National party continued in government if it lost the Selwyn seat, "provided it does nothing controversial".

The government is riding high in the opinion polls after recent economic successes, and Mr Bolger acknowledged he was under pressure from his party to hold a snap election. This would be held under the Westminster first-past-the-post system; a referendum last year voted in favour of a switch to the West German system of proportional representation, but the necessary legislative procedures are not yet in place.

Ms Richardson is one of the most powerful and outspoken right-wing MPs, and from 1991 was widely credited with being the principal architect of a series of sweeping government economic reforms.

Ms Ruth Richardson at a press conference yesterday to announce her resignation Reuter

Her strong views made her politically unpopular, however, and she was sacked after the last general election when the National party won 50 seats against the 49 held by opposition parties.

She said yesterday that one of her chief accomplishments came this month when as a backbencher she steered through parliament a Fiscal Responsibility Bill which forces future governments to disclose budgetary information on a quarterly basis.

Ms Richardson said she was resigning to follow family and business interests, and did not want to be carried out of parliament "in a box". She said the resignation had nothing to do with being sacked as finance minister, and she would not be joining another political party.

Financial markets reacted sharply to the news, with the New Zealand dollar losing nearly a cent against the US currency, and interest rates rising strongly.

NEWS IN BRIEF

Portugal hits at E Timor attack

Portugal protested yesterday at an attack by Indonesian soldiers on a student demonstration in the troubled island of East Timor and called for a strong international response, Reuter reports from Lisbon.

"Portugal wants a strong international reaction to the events in the territory," the Portuguese news agency Lusa quoted Mr Jose Manuel Durao Barroso, foreign minister, as saying. Lisbon felt obliged "vehemently to protest at the intolerable situation in East Timor," he declared.

Up to 20 people were injured yesterday in clashes between student protesters and the Indonesian security forces, the worst recorded confrontation in East Timor since Indonesian troops opened fire on mourners for a pro-independence activist in November 1991, killing up to 200 people.

An Indonesian military official in the East Timor capital Dili said two students had been injured and 10 arrested as the security forces stopped several hundred protesters marching from the university campus to the regional parliament. But residents said about 20 people had been injured; some reports said three people had been killed.

Ex-premier to be sentenced

Mr Brian Burke, 47, former premier of Western Australia, was found guilty yesterday of four charges of false pretences, and is due to be sentenced today, Reuter reports from Perth.

Mr Burke, who served as Australian ambassador to Ireland between 1988 and 1991, was released on bail of A$25,000 (£11,904). He had pleaded not guilty to obtaining more than A$17,000 on four separate occasions from a parliamentary account which provides money for politicians to make approved trips out of state. Each charge carries a maximum penalty of three years' jail.

Murdoch journalists strike

Journalists at Mr Rupert Murdoch's Australian newspapers began a nationwide strike yesterday over a dispute involving the introduction of new technology and a wage claim, Reuter reports from Sydney.

A total of 1,300 journalists walked off the job until tomorrow, said Mr Chris Warren of the Media, Entertainment and Arts Alliance union. But Mr Warren Beeby, editorial manager of Mr Murdoch's News group, said all the company's newspapers would be produced as usual.

Hutu moderate leader flies in

Mr Faustin Twagiramungu, a Hutu moderate named by the Tutsi-dominated Rwanda Patriotic Front to head a national unity government, arrived in the capital Kigali on a UN aircraft from Uganda, saying his first priority was to reassure Rwandans fleeing a rebel advance, Reuter reports from Kigali.

Elderly give Singapore's leaders grey hairs

'Sue Your Son' bill passing through republic's parliament aims to make adults responsible for needy parents, writes Kieran Cooke

Like many countries, Singapore will in future have fewer people of working age supporting an expanding pool of elderly. "I worry that in 30 years' time our economy may lose some of its drive, vigour and competitiveness," says Mr Goh Chok Tong, Singapore's prime minister.

According to government projections, about 30 per cent of Singapore's population will be over 60 in the year 2030, compared with today's figure of 9 per cent.

Radical solutions are being proposed.

The Maintenance of Parents Bill, now going through parliament, would compel adult offspring to give financial support to needy parents. Under the terms of the privately sponsored but government supported bill, children who failed to comply would be liable to fines and jail.

The "Sue Your Son" bill tackles a number of government obsessions. Singapore is one of the most economically successful countries in Asia; a country of fewer than 3m people, it has foreign exchange reserves of more than US$40bn (£26.3bn). Average annual per capita income, at more than S$25,000 (£10,600), is exceeded in Asia only by Japan. The economy grew by 9.9 per cent last year.

Yet economic success has not brought any comprehensive welfare system. Welfare, according to the government, is part of the "democratic distemper" which has caused western economies to become sluggish and lose their competitive edge.

Instead, a central provident fund (CPF), a compulsory savings scheme to which both workers and employers contribute, is supposed to cover the needs of old age. CPF savings can be withdrawn only when workers reach 55, although they can be used to raise mortgages and recently the government has allowed a portion of CPF funds to be used for share purchases.

It would be a disaster, says Mr Goh, if companies and young workers had to be taxed heavily to support a large number of elderly Singaporeans. "I worry that what is happening to the developed countries can also happen to Singapore," he says. "If we lose our competitiveness... our growth will falter and Singaporeans will become unemployed."

Singapore watchers see other reasons behind the government's support for the parents bill.

According to the government, the family – with its emphasis on filial piety, obedience and discipline – is the core of an Asian value system, responsible for political and social stability as well as encouraging traits that lead to economic success. In this ideal, Confucianist world, the family also acts as a bulwark against what are seen as corrosive western influences.

In the early 1980s Mr Lee Kuan Yew, the then prime minister, visited a new housing development. He was dismayed to find it had two homes for the elderly.

"It is not something to be proud of," said Mr Lee. "It must not be encouraged... it is unsound for a government to take over family responsibilities for we shall damage the basic unit of society, the family, the building bricks of our society."

Recently Mr Lee, now senior minister in Mr Goh's government, suggested that parents aged between 35 and 60 be given a double vote. According to Mr Lee this would give those who contribute most to society a greater say. Once past 60 Singaporeans would revert to a single vote – otherwise, said Mr Lee, the elderly could have a disproportionate influence and pressure the government for more welfare.

Critics say the government, by supporting the parents bill and constantly emphasising the family unit, is ignoring social trends.

As in many western countries, divorce rates in Singapore are rising – almost doubling in the last 10 years. Birth rates, particularly among Singapore's more affluent and educated, are falling. This has long-term economic implications.

Already Singapore has chronic labour shortages and imports about 300,000 workers from neighbouring countries to make up the shortfall. Up until the mid-1980s the government promoted birth control with a "two is enough" slogan. Now it exhorts couples to have "three or more".

However, procreation must take place within the family unit. The government frowns on those merely living together. Unmarried couples cannot combine their CPF funds to buy public housing and also face restrictions in the private sector. With property prices rising rapidly, such rules are hurting.

Many say the government's policies avoid not only social realities but economic circumstances. They point out that even in affluent Singapore there are many who need state help and welfare. Some families will not necessarily be able to support ageing parents.

In future years Singapore's elderly population is likely to cause a few grey hairs among the island republic's leadership.

An article on a proposed state pension scheme for Hong Kong appeared in the Financial Times yesterday.

NEWS: UK

Britain's defence ministry balances independent traditions of three services

Forces plan marks hard-won victory

By Bruce Clark and Roland Rudd

For Britain's defence ministry officials, the plan announced yesterday represents a hard-won victory, over some stubborn vested interests, for the commonsense idea of joint or "tri-service" facilities.

The ministry has had to contend with the staunchly independent traditions of the three services, as well assome more practical objections.

Under the new principle – referred by the ugly new word "jointery" – there is to be a tri-service hospital and a tri-service staff college. Joint arrangements will be promoted in areas such as flying instruction, music lessons and veterinary care.

Operational commands are by definition "tri-service" to the extent that most wars are fought on land, sea and air. Now there will be a permanent tri-service operational headquarters at Northwood, north west of London.

Ministry officials believe a single establishment to oversee operations in conflict zones will be better than what one called "the current ad hoc approach of setting up such a headquarters only in response to a developing crisis." Senior officers are known to have doubts about concentrating operational command in one, potentially vulnerable spot.

There will be a warmer welcome for plans to bring the services together in a 20,000-strong Rapid Deployment Force, including men from the Parachute regiment, Royal Marine commandos and RAF aircraft.

The three service hospitals have been judged to have far more beds than the forces require in their slimmed-down condition – the proportion of beds occupied by service personnel varies between 25 per cent and 55 per cent. The ministry has decided to close hospitals at Aldershot, Hampshire, and Wroughton, Wiltshire. All secondary medical care will be concentrated in a tri-service agency.

A joint staff college is to be established by 1997, where up to 240 officers at a time will take 10-month courses in tactical and operational doctrine.

The ministry has ruled out the RAF college at Bracknell as a site for the new institution, and is weighing up whether to use the Army school at Camberley or the historic naval college at Greenwich, south London.

The ministry will be under some pressure to use the Greenwich premises for some other purpose if it concentrates staff training at Camberley. The ministry is also studying proposals to establish a single helicopter flying school for all three services by 1997, either at Middle Wallop or RAF Shawbury.

The care of animals is future to be concentrated at a site at Melton Mowbray in Leicestershire, with the closure of RAF Newton.

£5bn worth of military orders placed

Bernard Gray looks at the companies likely to provide equipment for the three armed services

Announcements yesterday by Mr Malcolm Rifkind, defence secretary mean that all three services will get new equipment. However, most of the orders had been expected to be announced whether or not the cutbacks had gone ahead. The total value of the orders placed and invitations to tender was over £5bn, according to Mr Rifkind.

Two additions to the MoD's shopping list were an order for Paveway 3 laser-guided bombs and an intention to buy submarine-launched Tomahawk cruise missiles if agreement can be reached with the US government and the manufacturers. Both are being ordered in the light of Gulf War experience, where smart munitions proved extremely effective.

The Paveway is manufactured by Texas Instruments, but British Aerospace has substantial work on the weapon, which is dropped from Tornado ground attack aircraft. McDonnell Douglas and Hughes of the US make the Tomahawk.

The Royal Navy is to get two Landing Platform Docks as replacements for the Fearless and Intrepid assault ships, which are due to be retired. Of UK shipyards only Swan Hunter on Tyneside, currently in receivership, or VSEL at Barrow have facilities to handle such large vessels.

An invitation to tender has also been announced for a second batch of up to six Trafalgar class nuclear hunter-killer submarines, to replace the navy's ageing Swiftsure submarines. The competition for the order is expected to be between VSEL, the traditional submarine manufacturer, and Yarrow on the Clyde, which is owned by GEC.

Vosper Thornycroft won an order for seven Sandown class minehunters which will be built at Southampton. The order was worth £250m in total, around £150m of the work to be done by Vosper. It secures about 450 jobs for 4 years, with production starting in 1995.

Widespread expectations that another batch of Type 23 frigates would be ordered were not fulfilled. However, the MoD did indicate that a further frigate order was likely later in the year. That order is expected to go to Yarrow if a satisfactory price is agreed.

The army got the largest single order placed firmly yesterday, when it was confirmed that 259 Challenger 2 tanks would be bought from Vickers defence systems. Vickers was asked to tender for the tanks last year when it was decided not to update the Challenger 1 fleet. The order is worth £1.1bn in total and £800m to Vickers, and will secure work at the company's Newcastle factory until the end of the century.

Sir Colin Chandler, chief executive of Vickers, said the order "is good for the army and for Britain. It provides a formidable yet cost-effective weapons system. The endorsement of Challenger 2 will boost its export prospects in those markets which traditionally look to Britain for a lead."

Royal Ordnance also received an order for 400,000 rounds of mortar ammunition worth £50m.

The Royal Air force was not forgotten. Its 14 Tornado GR1 ground attack aircraft are to get an extensive mid-life overhaul. The order is worth £700m and will secure 1,000 jobs at British Aerospace's Warton site in Lancashire, as well as a further 600 jobs in first tier suppliers such as GEC-Marconi. In its statement the MoD stressed that the Tornado work would help maintain BAe's manufacturing base until production of the Eurofighter 2000 comes on stream in 2000.

Mr Dick Evans, BAe's chief executive, welcomed the orders. This is worth a total of £1bn to BAe, and will secure jobs within the company and many of its suppliers," he said. BAe will benefit from the Tornado and Paveway programmes, and also would supply command and control electronics for any Type 23 frigates and Trafalgar class submarines which were ordered.

Another senior figure in the defence industry welcomed the news. "This suggests that they have stopped the retreat on force levels," he said.

As well as procuring new weapons, Mr Rifkind also said that the forces' fighting capability would be improved by the retention in service of a frigate and a nuclear submarine which were previously to have been mothballed.

Rifkind: orders soften the blow of 18,700 job cuts

Britain in brief

No action on Falklands allegations

No British soldiers will be charged with alleged war crimes against Argentinians during one of the battles of the Falklands campaign, it was announced.

The decision by Mrs Barbara Mills, director of public prosecutions, was greeted with widespread approval by MPs, military chiefs, and peers.

Mrs Mills ruled that despite an extensive 18-month inquiry by the Metropolitan Police, there was insufficient evidence to secure any criminal convictions.

The police inquiry - and an earlier one by the Royal Military Police - had been prompted by a public outcry about alleged atrocities by members of the Parachute Regiment in 1982, detailed in a book Excursion to Hell - the Battle for Mount Longdon. Twenty-three members of 3 Para battalion were killed and 47 wounded when they recaptured the isolated mountain overlooking Port Stanley, the capital of the Falklands.

Stockbroker in Iraq plea

A stockbroker fined a record £200,000 by the Securities and Futures Association for helping sell the assets of a Kuwaiti client after Kuwaiti assets were frozen following the 1990 Iraqi invasion won the right to challenge the regulatory body's decision in the High Court.

Mr Anthony O'Sullivan, a former managing director of stockbrokers Sassoon Europe, was given leave to appeal against the decision through a judicial review. It is thought this is the first case of SFA disciplinary proceedings being challenged in this way.

Mr O'Sullivan was also expelled from the SFA register and ordered to pay costs of £33,206. The client whose assets he helped sell is thought to be the Kuwaiti Investment Office, the investment arm of the Kuwait government.

Bus advert bid probed

The Monopolies and Mergers Commission is to investigate a bid by More O'Ferrall, the poster advertising company, for London Transport Advertising, the London Transport subsidiary which is being privatised.

More O'Ferrall, which is one of four bidders for LTA, said it was "extremely disappointed" about the referral and that the resulting delay could jeopardise its chances of a successful bid.

LTA generates about £23m a year from the sale of poster space in Underground stations and on buses and trains.

The Department of Trade and Industry is concerned that More O'Ferrall's proposed acquisition "raises competition concerns in the poster advertising market in the London area which merit investigation by the MMC".

Railtrack faces profit curbs

Tough curbs could be imposed on the profits of Railtrack, the company which has taken over British Rail's track and signalling, if proposals unveiled yesterday by the rail industry regulator are put into effect. In a detailed assessment of the proposed access agreements to be signed between Railtrack and the train operating companies, Mr John Swift, QC, suggested that commercial pressures could require Railtrack to reduce the value of its assets and the level of return it made on them.

"The combined effect might be to impose a significant reduction in Railtrack's profitability post-privatisation," the rail regulator said.

Code to protect street trees

A national code of conduct affecting the way in which Britain's streets are to be dug up is to be launched this Autumn by the privatised power, gas, water and telecommunications industries in a bid to protect thousands of endangered trees.

Green corporate policies spread

The number of companies with an environmental policy has increased from 46 per cent in 1992 to 58 this year, according to a sample surveyed by the Department of the Environment. The proportion of companies with an energy policy rose from 34 per cent to 46 per cent.

Directors 'take pay cuts'

One in five directors in some of the UK's biggest companies took a pay cut last year according to a report that contradicts the popular image of senior management drawing inflated salaries.

The report by Korn/Ferry Carre/Orban International, surveyed salaries of more than 1,000 senior executives, mainly at board level, in 154 of the UK's largest companies.

Confidence found on jobs

Britain's businesses plan to hire more staff in the three months to the end of September in spite of expectations that new orders will grow at a slower rate, according to the latest quarterly survey from Dun & Bradstreet, the business information group.

The company's poll of 1,500 managing directors found that 40 per cent expected to increase staffing levels compared with a year ago during the current three month period, against 11 per cent planning a reduction.

Heroin haul worth $25m

Customs officers carrying out a random check on a lorry found 150 kilos of heroin worth about £25m hidden behind a false bulkhead. The lorry, from Bulgaria, had arrived at Dover on a ferry from Zeebrugge, Belgium. The driver, a Bulgarian, was being questioned by customs officers last night.

Channel 5 decision postponed

By Raymond Snoddy

A decision on re-advertising the licence to run Britain's new Channel 5 was yesterday postponed until September by the Independent Television Commission amid concern that the government may have damaged the venture's financial viability.

The delay came as the National Heritage Department unveiled compromise proposals allowing Channel 5 to go ahead – but to a reduced audience – using existing analogue technology.

The proposals keep open the possibility of up to 12 new digital channels being launched sometime in the future. Digital technology allows television viewers to receive programmes on much wider screens.

All the proposals are for channels using over-the-air transmissions, rather than satellite or cable.

Following the government's announcement, the ITC said it was concerned that one of the two frequencies originally approved for Channel 5 would no longer be available. This would reduce coverage from the original 74 per cent of the population to about 50 per cent.

The ITC turned down the only bid for the Channel 5 licence 18 months ago.

The commission said yesterday it would consider, with a view to deciding in September, whether the latest plans "do form the basis on which the ITC can proceed to re-advertise the licence and, if so, when and on what terms."

Channel 5 Broadcasting, a consortium which brings together MAI, the television and financial services group, Time Warner, the US media giant, and Pearson, the media group that owns the Financial Times, welcomed the government announcement. Pearson and Time Warner were involved in the original failed bid for the Channel 5 licence.

Mr Ruud Hendriks, managing director of NBC Super Channel, the satellite channel controlled by NBC, the US network company, said the company planned to bid if the licence was advertised.

EU court in key ruling on pregnancy

By David Goodhart and John Mason

British women who are sacked as a result of becoming pregnant will now be able to claim a breach of the Sex Discrimination Act 1975, and thus much higher compensation awards, following a ruling in the European Court of Justice.

The decision was played down by government ministers but welcomed as an important breakthrough by the Trades Union Congress and the Equal Opportunities Commission.

It could result in more £100,000-plus awards similar to those made recently to women soldiers sacked by the Ministry of Defence.

However Mr Ira Chalphin of the Institute of Directors warned that the ruling would make women of child-bearing age less attractive to employers. "The law is increasingly saying to employers 'beware of these people'", he said.

Other employers organisations were more cautious but some said privately that they believed the ruling would lead to fewer women of child-bearing age being taken on.

The case was taken to the European Court by Mrs Carole Webb, 25, of West Drayton, London, who was dismissed from her clerical job at EMO Air Cargo Ltd in June 1987.

She had been taken on as a replacement for another woman soon to begin maternity leave but was dismissed when she discovered that she too was pregnant.

Mrs Webb claimed that this was a breach of the Sex Discrimination Act and took her case to an industrial tribunal, the employment appeal tribunal and the the Court of Appeal, losing in all three places.

The House of Lords then ruled that there was nothing special about pregnancy that should cause a woman to be treated differently from a man or woman unavailable for work on medical grounds. However, it asked the European Court for a preliminary judgment on the issue.

The European Court disagreed with the Lords, finding that pregnancy cannot be compared with male illness and that Mrs Webb's dismissal therefore amounted to sex discrimination.

The European Court ruling also insists that pregnant women are entitled to the protection of the law from the first day of employment, rather than after two years service. The two year qualifying period was being abolished in the new European Union maternity directive which will take effect in October.

MPs attack European trawler proposals

New conservation measures proposed by the European Commission which would limit the number of days trawlers are permitted to operate were attacked by Conservative backbenchers and opposition MPs in the Commons last night, Ivor Owen writes.

Mr Michael Jack, fisheries minister, said government officials would meet representatives of the fishing industry next Thursday. He indicated that the proposals were unlikely to be discussed by European Union fisheries ministers until November.

Mr Jack said £8.3m would be available in the current financial year for the next stage of the decommissioning scheme which had so far resulted in 135 vessels being removed from the British fleet. He said fishermen would still need to exercise constraint to promote stock conservation.

Bleak prospects: council flats in Liverpool reflect what many see as a widening gap between rich and poor. The government disputes that absolute poverty is spreading

New row over extent of poverty

Controversy over the extent of poverty in the UK was renewed by government figures showing that real incomes of the bottom 10 per cent of the population have fallen by 17 per cent since 1979, writes Alan Pike.

This maintains a continuing pattern of decline in the after-housing costs income of the bottom group. It fell by 14 per cent between 1979 and 1990-91, and was 17 per cent lower by 1991-92.

On an alternative basis of measurement before housing costs are taken into account, the real income of the bottom 10 per cent is unchanged since 1979. Publication of the figures in the Households Below Average Incomes analysis, drew starkly different responses.

The government argues that the figures reflect an increase in unemployment during the recession rather than a growth in absolute poverty. The figures, say anti-poverty campaigners, show the UK is developing into a US-style society with a widening gap between its richest and poorest.

London set for new move on Ulster

Philip Stephens says the British government is also to press for a constitutional concession by Dublin

The British government is willing to consider amendments to the 1920 Government of Ireland Act as part of the effort to secure a new political settlement in Northern Ireland.

But Mr John Major, the British prime minister, will today tell his Irish counterpart Mr Albert Reynolds that an explicit pledge by Dublin to modify the Republic's constitutional claim to the province is vital to any hope of an agreement.

British officials insist that it will be impossible to restart talks between the constitutional parties without a commitment by the Republic to incorporate into article two of its constitution the principle of majority consent in Ulster to any change in the status of the province.

Moderate unionist leaders have made it clear that they will not participate in a resumption of the "three-strand" search for a political settlement without such a pledge from Dublin.

But Mr Reynolds has been reluctant to give any firm commitment in advance of the conclusion of an overall accord between unionists and nationalists. As a result, talks between London and Dublin on a framework document to restart the talks process have become deadlocked.

Mr Major and Mr Reynolds will seek to break that deadlock at their meeting today on the margins of the European Summit in Brussels.

Despite recent gloom in both capitals about the prospect of a breakthrough before the Anglo-Irish summit pencilled in for late next week, officials in London have not ruled out the possibility the two prime ministers will find a compromise. If they do not, the expectation is the summit will be postponed until September.

British officials say that Mr Reynolds' recent public calls for changes in the Ireland Act have not yet been matched by specific suggestions for amendments.

There is also some puzzlement as to why Dublin regards that legislation – which predates the division of Ireland – as such an important symbol of Irish partition. The 1973 Northern Ireland Act is a much clearer assertion of Westminster's sovereignty over the province.

But as long as the principle of consent is not undermined, the view in London is that the government is ready to consider changes to the 1920 legislation as part of a package to restart the process.

Sir Patrick Mayhew, the Northern Ireland Secretary, told the House of Commons yesterday that he saw no particular need for changes but was ready to consider any proposals.

It is understood that the liaison group drawing up the proposed framework document has still to settle the proposed form of the new cross-border groups demanded by nationalist politicians in the province as a quid pro quo for the creation of a new Ulster assembly.There are some differences remaining also over the degree to which the two governments should seek to prescribe the form of devolved administration.

But the London government appears confident they could quickly be resolved if Mr Major and Mr Reynolds break the deadlock over the constitutional claim.

By contrast there appears little optimism in London about the prospects for an early end to violence in the province.

The government still believes that the faction represented by Mr Gerry Adams, the Sinn Féin president, is looking for an escape route from the violence to allow it to join the talks process. But the apparent determination of hard-line sections of the IRA to continue the killing has all but extinguished hopes of a quick "clean" break with the last 25 years.

● An influential committee of MPs is putting pressure on the Office of Fair Trading to launch a formal investigation into the price of bread in Northern Ireland.

The recently established cross-party Northern Ireland committee yesterday wrote to the OFT to express its concern about the differential in bread prices between the province and the rest of the UK.

The letter followed an appearance before the committee by the General Consumer Council for Northern Ireland.

According to the GCC, a large loaf costs on average up to 40 per cent more in Northern Ireland than in mainland Britain, with an identical loaf costing up to 27p more.

PROPERTY

Green Belt in danger of buckling

Paul Cheeseright on pressures on the use of land in the UK's West Midlands region

Planners in the West Midlands are waiting for Mr John Gummer, the UK environment secretary, to deliver his regional planning guidance, the document which will lay down the broad patterns of land use for the next 20 years.

The West Midlands Forum of Local Authorities has given Mr Gummer its advice: it is anxious to regenerate the cities. The authorities have been expecting his response since April. He is probably still pondering the provision which ought to be made for new housing. But his guidance, when it comes, has broader implications than that.

Mr Gummer has made clear his opposition to more out-of-town shopping centres. Beyond that, the guidance should make clear the government's view on how to balance the claims for economic development inside and outside urban areas. The guidance should set out how to cope with the trend towards decentralisation which has seen companies moving operations from larger centres to smaller ones.

In that context, a crucial element is the treatment of the Green Belt, the area around the towns and cities where, if there is property development, there has to be a very good reason for it.

Planners and property companies share, in general terms, the view that cities need a Green Belt around them.

"A key factor in achieving a pattern of sustainable development will be to maintain the region's two Green Belts. They are major regional assets that provide environmental benefits as well as aiding regeneration of the areas they surround," the West Midlands Forum advised Mr Gummer.

"Like most sensible people we understand the general requirement – to prevent the coalescing of big urban lumps," said Mr Anthony Glossop, chief executive of St Modwen Properties, referring to how Walsall on the north-east side of the Birmingham-Black Country conurbation might sprawl to meet Cannock to the north.

"The Green Belt has been around since 1947. It has a valid role. It needs to be applied sympathetically and reviewed from time to time – which it is," said Mr Nick Mason-Jones, managing director of Bryant Properties.

It is these questions of application and review which stir the most argument, pitting the planners and environmentalists, against the market.

"We're saying that the emphasis throughout the West Midlands should be about urban regeneration," said Mr John Finney, one of the planners at West Midlands Forum. That means that the Green Belt should be protected, that development should be drawn back into the cities rather than allowed outside them.

But that is easier said than done. The West Midlands planners would like to draw development in to the north and west of the region, to the Black Country and Staffordshire, where the local economies are weakest. However, the commercial pressures for space are more evident on the south and east of the Birmingham-Black Country conurbation.

"There is a danger of overheating in the south and south-east, where there is the greatest pressure on areas of attractive landscape," said Mr Finney. Ideally, planners want more activity to strengthen the north and west, while relieving the south and east.

This, paradoxically, might put more pressure on the Green Belt. "There is little, if any, land on the periphery of the conurbation that is not designated Green Belt. Over the past decade this has resulted in growth pressures jumping into the surrounding shire counties," says Mr Joe Valente of DTZ Debenham Thorpe, chartered surveyors.

The shire counties are now resisting growth. The effect will be to direct more growth into the metropolitan districts, "some of which will have to be located within existing Green Belt areas," said Mr Valente.

It is the perception of the demand for space and the pervasiveness of the existing Green Belt which underlies the industry's demands for relaxing the Green Belt. The level of demand is difficult to quantify but, at Arlington Securities' Birmingham Business Park, south of the city and on land extracted from the Green Belt, space was being taken in the depths of recession as decentralisation continued.

Mr Jim Johnston, Arlington's regional director, noted that companies such as Hewlett Packard, Honeywell, Norwich Union and Fujitsu Fulcrum, had moved or were moving from the inner city. Business park rents are lower than those of the central city, but the gap is narrowing.

Inevitably, companies are governed by their own interest rather than that of the planners when they take space. To forbid development in one place is not to secure it for another. "If it's not allowed to take place in Worcester, will it take place in Dudley?" asked Mr Valente.

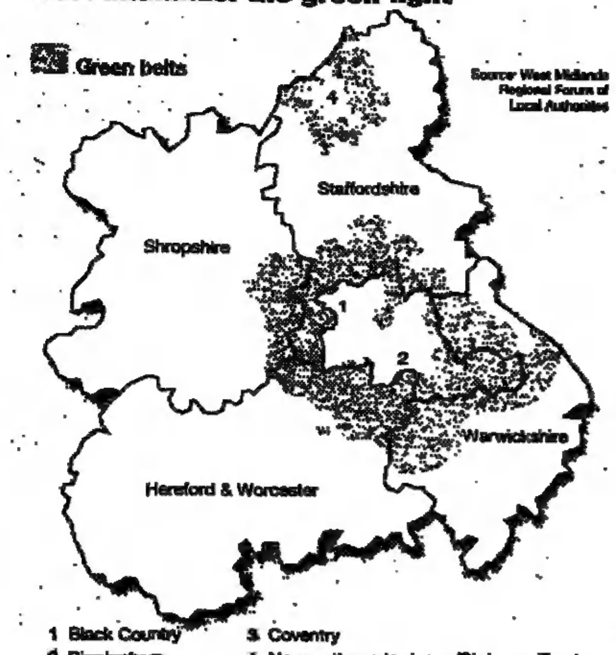
The West Midlands Forum is trying to have the best of both worlds. To satisfy business demands to get out of town, it has adopted a policy of premium industrial sites, to make good the deficiency of larger, high-quality sites in the conurbations, recognising that some of these sites may have to be in the Green Belt.

The premium sites policy provides a safety valve; it gives away a little of the Green Belt, but keeps the mass. However, the West Midlands Forum observed that "the property industry tends to equate premium industrial sites with the standard B1 Business Park, that is primarily out-of-town office development in campus form".

That is unacceptable to the planners who argue that "only those activities which could not be located within existing urban areas will be permitted. However, development must be complementary to, rather than competitive with, urban regeneration".

There is plenty of potential dispute within that definition, establishing what Mr Glossop called "the difference between principle and practice". The more flexibility on Green Belt boundaries, the less the trouble with the industry and the more the trouble with environmentalists. Perhaps Mr Gummer will clarify how much room an elbow needs.

West Midlands: the green light



PEOPLE

BET: Payne promoted, Mackenzie leaves

John Clark, chief executive of BET, yesterday promoted his long-time protégé Keith Payne to a new post as director of finance, planning and development at the business services group.

Clark says the 51-year-old, who joined the main board last year as director of strategic planning, is the ideal candidate to oversee the progressive expansion of the company's activities, particularly distribution services in North America and Europe.

The two worked together previously at Core-mark International, a US marketing and distribution company, where Clark was chairman and Payne senior vice-president of operations. Before that, they were colleagues at Singer International, where Clark was president and Payne chief financial officer.

When Clark joined BET in 1991, he invited Payne to join him; together they were credited with reducing group activities to four core areas: business services, textiles, plant services and distribution.

Payne will combine the roles of finance director and planning co-ordinator – posts which were split when BET embarked on its three-year divestment programme.

"We've finished that programme, and now we're moving into a growth phase I want to put the jobs back together," Clark said yesterday.

He also paid tribute to Bob MacKenzie, the current finance director, who is "leaving the group to pursue other business opportunities". Mackenzie, 41, a former chief executive of the International Leisure Group and financial controller at Hanson, played a central role in reducing BET's £800m debt mountain.

"This is an amicable agreement following the completion of the three-year turnround phase of BET's recovery programme," said Clark.

Industry analysts, however, questioned the wisdom of yesterday's reshuffle and suggested BET might be better served if the finance and planning departments remained separate. "Mackenzie made a very considerable contribution to BET's revival," said one analyst. "His departure is a loss to the group."

Welcome mat for Jones at ABPI

Trevor Jones, former director of research, development and medical in the UK at Wellcome, has resigned. He is leaving the board to become director general of the Association of the British Pharmaceutical Industry.

The move should add considerable weight to what has been a lacklustre association with a poor reputation for promoting the cause of the British drugs industry. Jones is a scientific heavy-weight and fine communicator. "The UK's pharmaceuticals industry has much to do. But if we can get it right, this country will remain the best place to do pharmaceuticals research," Jones says.

His departure from Wellcome represents the end of a debate at the top of the organisation about how best to manage international pharmaceuticals development.

The company has been struggling with two large development organisations: one in the UK where Jones was in charge and one in the US where David Barry was vice-president research and development. Barry has recently become director of medical affairs for the whole company.

"It was clear that we had to have a single focus. John Robb [chief executive and chairman], looked at the two approaches and decided to go for David's. It was a difficult decision, but I'm not at all bitter. Wellcome has a super R&D portfolio which I hope David will be able to make grow."

Jones says the main difference between them had been over whether to use clinical groups – in effect a team approach – or whether to give greater importance to a central leader. "There wasn't an argument between us. We both agreed development had to be done internationally," he said.

Electronic switches

Bruno Magne's appointment as managing director of France Telecom UK is further evidence of the ambitions of the French state telecom company's British ambitions.

In common with several leading continental telecoms operators, France Telecom last year established a UK subsidiary to exploit the now liberalised market for data telecoms and private corporate telephone networks, gearing itself particularly to large companies with substantial European traffic.

France Telecom has more than 100 staff in the UK, and boasts 250 customers in the corporate telephone network sector alone. Most of its customers are in the City, and last week it opened a network centre in Docklands.

Magne has been with France Telecom for 27 years, latterly as director of technical support and quality improvement for its core network. "My challenge is to ensure we offer effective local and global business solutions to our clients in the UK and look for new opportunities," he says.

Since the UK is Europe's most open telecoms market – and far more open than the French – he ought not to be short of them.

■ **Stuart Tiverton Brown** has been appointed md of POLYMETERS RESPONSE INTERNATIONAL.

■ **Charlie Abrahams** is promoted to become area director for the UK, Ireland and South Africa for AMDAHL.

■ **Chris Lucas** (below left) has been appointed sales director of TOSHIBA (UK).

■ **Peter Vyvyan-Robinson** (below right), formerly general manager, sales, is promoted to director, ICL Financial Services; he succeeds Nigel Croisdale, who is appointed vice-president trading of ICL's client server division.

Insurance moves

■ **John Trott** (above), director of Standard Life Assurance Company in Edinburgh, has been appointed deputy chairman of STANDARD LIFE in succession to Sir Lawrence Airey.

■ **Martyn Hooper** has been appointed a director of Kininmonth Lambert, part of LOWNDES LAMBERT. **Richard Bennett** has been appointed md of Lowndes Lambert Professional Indemnity Division.

■ **Andrew Calder** and **Toby Humphreys** have been appointed directors of BOWRING Financial & Professional Insurance Brokers, and **Richard Ratcliffe** a director of Bowring Worldwide Services. **Garrick Hitchen, Jonathan Steed, Dennis Wheatley** and **Bruce Wheeler** have been appointed directors of Bowring Aviation.

■ **John Newall**, md of Sedgwick, France, has been appointed md of BAIN CLARKSON's Belgian subsidiary Boels and Begault.

■ **Clive Davis** has been appointed group chief executive of FIRSTCITY INSURANCE GROUP; he and **Tim Watkins** have been appointed joint mds and **Nick Rowe** a director of FirstCity Insurance Brokers.

■ **Paul Davies**, chairman of Aon Re, has been appointed a director of RHH Group, part of AON Corporation.

■ **Peter Barrow** is appointed a director of SUN ALLIANCE Life; **Jamie Woods**, director and chief actuary, is appointed group chief actuary; and **John Kent**, deputy md of Sun Alliance Investment Management, is also appointed investment director.

■ **Arno Kitts** has been appointed chief executive (UK) of the INDEPENDENT ORDER OF FORESTERS.

■ **Keith Mandy, Neil Pearce** and **Mark Ryan** have been appointed divisional directors of SBJ Stephenson, part of STEEL BURRILL JONES.

TECHNOLOGY

Banana genes to be split

Ice cream bananas may be on their way to Europe and North America. Red, apple and finger bananas, too.

These are names of unusual short-lived varieties of the yellow fruit that last just long enough for the lucky inhabitants of the tropics to eat.

The rest of us have to make do with the Cavendish variety which can survive a long journey by sea and accounts for almost all the $6bn (£3.9bn) a year European Union and US banana markets.

Imports of exotic banana varieties could rise if research by UK drug company Zeneca and DNA Plant Technology (DNAP) of northern California comes to fruition.

The two companies announced a research collaboration this month to find a way of slowing the rate of ripening in bananas. The work will combine DNAP's genetic engineering expertise with Zeneca's knowledge of banana physiology.

Bananas ripen as a result of the action of the simple chemical ethylene, which acts as a hormone in the fruit. The work will try to identify which gene is responsible for controlling the release of ethylene and turn it off.

Banana aficionados may revel in their new found choice of varieties, but the real benefit is likely to be felt among growers and buyers of the Cavendish variety, according to Chris White, editor of London-based magazine Eurofruit.

"The genetically-engineered banana might be used to raise quality in regions where there are production problems. Yield could improve, too, making cultivation worthwhile in previously uneconomic areas," he says.

DNAP says that slow-ripening Cavendish bananas should also taste better and even be more nutritious.

As with many fruits, bananas are harvested while immature and left to ripen in transit. With adjusted genes, they could be allowed to ripen naturally before being cut down.

Consumers will have to wait until early in the next decade before reaping a new harvest from the shelves of their local shops: Zeneca says that a product is unlikely to reach supermarkets before then.

Daniel Green

Reuter

What am I bid? Some 3,500 used cars a week are sold through the Aucnet system

Satellite sales

Emiko Terazono continues a series on electronic retailing with a look at Japan's used-car auction network

A black BMW 525i flashes on to the screen and within seconds the three-year-old car, which has been repaired in four places, is bid up to Y3.21m (£20,400) from the initial price of Y3m. After 25 seconds, it is sold to a dealer 700 miles away from Tokyo.

The blinking numbers and beeping noises are not part of a new video game, but of Aucnet, Japan's first satellite-linked, used-car auction network. The control room, situated in the company's head office in central Tokyo, hooks up more than 3,000 used-car dealers around Japan. They buy and sell 3,500 used cars through the system a week, about 5 per cent of Japan's overall used-car auction sales.

The still photograph images of the cars along with full details of repairs and other relevant data are sent to the subscribers' computer terminals via satellite. The bidders use joysticks to register their bids, which are transmitted to the control room's IBM host computer through a telephone line. "It's easier than a video game," says Koji Sasaki, director of Aucnet.

While the conventional used-car auction involves taking the car to a designated area, the system has allowed dealers to trade used cars while sitting in their offices, cutting costs for space, transport and personnel. The potential seller can hedge the risk of losing money on costs if the car is not sold, while also retaining the merit of keeping the vehicle as merchandise on the premises until a buyer appears.

And although conventional auctions have been limited to local areas, giving rise to around 140 local used-car auction exchanges around Japan, the network has managed to create the country's first national auction network, linking dealers all over the country.

The company was founded in 1984 by Masataka Fujisaki, who owned a computer software company and a used-car dealership. After finding auctioning for used cars time- and cost-consuming, he devised a plan to auction used cars through an electronic network.

The initial attempt was made by sending members laser discs with the photographs and information of the cars through parcel delivery and conducting an auction through a telephone-linked computer network. However, the deliveries of the discs would sometimes be delayed; and the discs, vulnerable to rough handling, would often be broken or cracked.

In 1989, with marketing and financial help from Orient, a consumer credit company, Fujisaki hooked up with Japan's first commercial communications satellite, launched that year. The satellite speeded up the bidding procedure and lowered costs for the company. Last year Aucnet linked 320 used-motorbike dealers around the country and has started motorbike auctions once a week.

However, not everything went smoothly from the start. There was initial opposition from the nation's used-car dealers' association, which feared Aucnet would threaten the existence of the local auction exchanges. It launched an "anti Aucnet committee" and threatened to eject any member who joined the satellite network.

The association was eventually forced to accept Aucnet after many of its dealers joined despite its campaign, and the network's membership has grown sharply from the initial 500 in 1989.

While only dealers can become members, individuals who want to sell their vehicles can participate via the company. Last year 100 cars belonging to individual owners were sold through the system every month.

The key to Aucnet's success, says Sasaki, is the speed at which the information is processed through the system and transmitted to the bidders. But another important element has been the company's rigorous inspection and evaluation standards of the used cars. Aucnet officials had to convince members that the certified inspectors (who rated the used vehicles) were to be trusted and that members could buy the cars unseen.

Aucnet currently has 120 inspectors nationwide, who rate the cars on a scale from one to 10, and provide a bidding minimum which reflects the car's state.

The company's innovative system has been reflected in its profitability. It initially invested Y1.5bn in the computer system, and broke even in 1989. The company went public on the over-the-counter market in 1991, and last year, thanks to the popularity in used cars due to the prolonged recession, its pre-tax profit rose 25 per cent to Y1.14bn on a 15 per cent increase in revenue to Y4.73bn.

The company derives its revenues from sales of the satellite receivers and computer terminals to leasing companies, which in turn lease the equipment to members. Registration, inspection and photography fees for the used cars and brokerage fees when a deal is completed are also part of Aucnet's income.

Sasaki says there is room in the domestic market for Aucnet to expand. Only 15 per cent of the 20,000 used-car dealers are Aucnet's members, and there are regions where the system has not penetrated.

The company sees the potential in applying its satellite network to other sectors which have inefficient auctioning processes, such as flowers, real estate and meat.

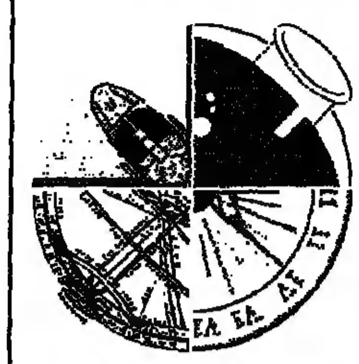
Meanwhile, Aucnet hopes to crack the US used-car sales market, which is said to be five to six times as big as the Japanese market. The company, which obtained a patent for its system in the US in 1989, has set up a US subsidiary in Atlanta, Georgia and wants to start auctions from September.

But it may take a while for Americans to become used to buying second-hand cars unseen. Sasaki says that it may take two to three years for the concept to be accepted. And Aucnet faces competition from other satellite auction operators, such as Independent Car Auctions, a UK car auctioneer. It has recently tied up with Manheim Auctions, a leading US automobile auction company, to set up a satellite service.

Sasaki says he is not worried about the competition due to Aucnet's domestic success. However, he admits that Japanese and US used-car buyers look for different things in a used car and a data and rating system will need to be adapted.

"Japanese are picky about how a car looks, and hate small scratches and dents. US consumers are more conscious of the vehicle's basic functions," he says.

Worth Watching · Vanessa Houlder



Apple launches new operating system

Apple, the California-based computer company, is set to release a new operating system for its Macintosh personal computers later this summer.

The new system, known as Macintosh System 7.5, includes more than 50 new features and technologies to make the computer more productive and easier to use. These include an interactive guide to assist users, some features to streamline and speed up basic tasks and a simplified way to exchange information between Macintosh and MS-Dos or Windows systems.

The system includes PowerTalk, which allows users to send electronic mail, share files and forward documents. It also includes the QuickDraw GX technology for high-quality printing and graphics.

Macintosh system 7.5 will run on computers with at least a 68020 processor. On a 68020, 68030 or 68040-based Macintosh computer, the system requires at least four megabytes of Ram to run the core elements and at least eight megabytes of Ram to use PowerTalk and QuickDraw GX. The new release will be compatible with most Macintosh applications software currently available.

Apple Computer UK Ltd: UK, 081 730 2480.

Virtual reality arrives home

Virtual reality in the home has come a step closer with the launch of the VFX1 headset by Forte Technologies, writes Richard Rosen from the Summer Consumer Electronics Show in Chicago.

The unit incorporates a pair of colour LCD displays, one for each eye, each measuring 0.7 inches. This gives an effective viewing area equivalent to watching a 35-foot screen from 35 feet. Each screen has an individual lens, which can be focused – a useful feature for people who have taken their glasses off. When in use, it measures the amount of head movement from the wearer in all three planes and calculates where you are looking.

The headset, which weighs less than 2lbs including stereo speakers, uses its own 8-bit PC ISA card for output and works independently of the standard PC display. It will be launched worldwide in October at a price of about $900.

Contact Forte Technologies: US, 716-427-8595.

Fresh as a raspberry

The convenience of using frozen soft fruit, such as raspberries, is offset by problems such as the length of defrosting time, the loss of the fruit's shape and handling difficulties.

Distillerie du Perigord, a French company, says it has introduced a new fruit processing method which firms up the fruit, increases its shelf life to a year and heightens its flavour.

The process begins with an analysis of the fruit's sugar content, acid content and permeability. The fruit is then dipped in sugar at low temperature, put into an alcohol solution and flavoured with spices.

Distillerie du Perigord: France, 53 59 31 10.

Software for re-engineering

New software has been developed to assist in business process re-engineering, a fashionable management technique for improving competitiveness by streamlining productive processes.

Micrografx, a developer of Windows-based graphics applications, has launched ABC ToolKit, which will help a company measure and analyse its internal business processes.

ABC ToolKit will allow companies to map process flows and then track costs, cycle times, quality indices and other variables.

The ABC ToolKit is available for around £490 through dealers and distributors.

Micrografx: UK, 091 514 7388.

MANAGEMENT

CHRISTOPHER LORENZ

'Global web' still not free of tangles

The proposition that multinational companies are fast going "stateless" has grabbed the imagination of business leaders and government ministers over the past five years. From Akio Morita, the legendary founder of Sony, to Robert Reich, a Harvard economist who is now US labour secretary, policy-makers have become wedded to it.

From their different points of view, the "stateless" image depicts a paradoxical new world in which multinationals, though beyond the reach of individual governments – and, in some respects, of international institutions – are becoming "insiders" everywhere.

There are several facets to this supposedly universal trend, which Morita christened "global localisation" and which – in theory – allows multinationals to get the best of both worlds: exploiting global economies of scale while also maximising their responsiveness to local markets and sources of expertise.

The most evident facet is the siting of factories in foreign countries, such as the $1bn (£600m) semiconductor plant which Japan's NEC announced last week will be built in either Scotland or California.

More significant, because of their higher value-added and skill content, is the location of research, design and development (RDD) centres not just at home but in international networks – what Reich has called "global webs". This gives companies access to localised technical skills around the globe.

A further facet is the transfer away from a company's home country of some of its global divisional headquarters. The best-known example occurred in 1991, when IBM shifted its network systems business from the US to the UK.

To Reich and other analysts, this new world has already arrived. In a series of publications in 1990-91, when he was still at Harvard, he argued that the nationality of a global company's ownership no longer mattered. Like manufacturing, he claimed, research, design and development were now being sited with almost total disregard to a company's "nationality".

It was obvious at the time that Reich was exaggerating, and that multinationals are not locating their RDD units, or their divisional HQs, anything like as freely around the world as their factories. Nor are all such moves permanent: IBM's new management has since repatriated its network systems HQ to the US.

But Reich's cry that "ownership is unimportant" has been echoed ever since by government ministers in liberal economic regimes desperate to encourage foreign inward investment, notably Britain.

Home country activity is still very important. 'Global webs' are the exception

Until now there has been no authoritative statistical study which showed how far Reich was exaggerating. Given the complexity of the subject, no single study can be conclusive or unquestionable. But a brave first stab has now been carried out by John Cantwell, an economist at Reading University.

His study has not yet been published. But when he presented his data for the first time last month at a symposium in Stockholm of top international economists, technology and business academics, it was heralded as "remarkable" by Michael Porter, Harvard's leading professor of business strategy and national competitiveness.

By examining the extent to which US patents granted to 280 big US and European companies over various periods between 1920 and 1990 resulted from work in their domestic or foreign units, Cantwell has created a rough but very detailed impression of the geographic location of what he calls their "technological activity". He uses this odd phrase to encompass patents arising from production engineering, as well as from RDD.

His study challenges the Reichian myth in several senses. First, it shows that US multinationals still conduct the vast majority of their technological activity at home, not abroad; during the 1970s, less than 7 per cent of their patents arose from work done abroad and in the 1980s the proportion was less than 9 per cent.

Second, Cantwell shows that big American companies have only just regained the degree of internationalisation which they achieved between 1920 and 1939, before many of them retreated from their foreign RDD operations because of the second world war.

Third, the study suggests that although European companies carry out more of their technology activity abroad, their rate is still only 30 per cent, and there has been little overall increase since the 1950s. Only Dutch, German and Swedish companies have increased their proportion sharply. The Italian rate has halved since the 1960s.

Cantwell himself makes all sorts of caveats about his study. For instance, it shows relative geographic shifts between home and abroad, not absolute changes (foreign activity can rise even if its ratio falls); and some of the territorial shifts – possibly half – result from takeovers of foreign companies, not from new technological activity.

He also says that Reich is right to the extent that much of the foreign RDD within very select leading companies is changing character. From being mainly local adaptation of basic technology developed at home, it is shifting to the origination of new knowledge. As Reich's "web" analogy suggests, some of this is being developed jointly by several centres of expertise.

The fact remains that, except within leading Belgian, British, Dutch and Swiss companies, home country activity is still of overwhelming importance. Reich's "global webs" are very much the exception. It is an open question whether they will ever become the rule.

David Hyde, a director of British Airways: visits by executives involved in BITC include inner city schools throughout the UK

From boardroom to classroom

Tim Dickson on a programme that lets Britain's movers and shakers see what life is like in local communities

HRH The Prince of Wales and Julia Cleverdon make a powerful combination. What other double act could persuade 80 top business people (many of them chief executives of Britain's biggest companies) to defy this week's rail strike and sultry weather for a worthy three-hour seminar in central London?

An almost full house at St James' Palace, though, was what the heir to the throne and chief executive of Business In The Community achieved on Wednesday when the likes of British Aerospace's chief executive Dick Evans, Tesco marketing director Terry Leahy and National Westminster Bank chief executive Derek Wanless reported back on recent visits to inner-city schools, housing estates and homelessness centres around the country.

Launched in 1990 as a means of widening the commitment of top managers to corporate community involvement, BITC's Seeing Is Believing initiative was originally intended as a one-off experiment. The outings just completed, however, were the ninth in the series and organisers say the exercise has proved very successful in enabling the nation's commercial movers and shakers to see the challenges at first hand, and in demonstrating to them the beneficial impact on community projects of corporate money and time.

Community involvement has won a host of new corporate converts over the last decade. Membership of BITC has expanded steadily and the issues are increasingly aired these days in the annual reports of large public companies.

Even so not all the sceptics are convinced, motives and strategies in many cases remain confused, and the sheer scale of social and economic deprivation can induce feelings of despair. One significance of Wednesday's seminar was that small business creation and enterprise agencies – the focus of much of BITC's effort 10 years ago – were barely mentioned.

The real value of the session was the opportunity it provided to pool impressions, set priorities and draw up tentative action plans for the future.

At least one participant alluded to the loneliness and isolation of top executives and said he was grateful for the opportunity to see "the real nature of the street". He confessed that his "team" of fellow executives had been predisposed to see homelessness as an exclusively public-sector preoccupation. But the "eye opening" visit convinced him and others that the problem was closely related to mental health, demonstrated that most young people on the streets are determined to escape their plight, and suggested to them that homelessness and joblessness were part of a vicious spiral of poverty.

Perhaps the most touching request for support came from children on a Plymouth housing estate, whose placards called on their distinguished visitors to provide equipment for a play area. Burger King, whose general manager-Europe David Geddes witnessed the mini "demo", subsequently obliged.

The Plymouth team's lobbying "clout" may be of greater strategic significance. Led by BAe's Evans, they have agreed to approach the Ministry of Defence with a view to releasing unused dockyard space for local business development. The clear message articulated by this group is that private- and public-sector businesses alike have a responsibility to help regenerate the local economy when they "retreat" from a region.

Frank Nicholson, managing director of Vaux Breweries, offered an upbeat account of the impact of private-sector involvement on the Pennywell estate two miles from the centre of Sunderland. Close to the bottom of most UK unemployment leagues, Pennywell had been depicted in the media as a sort of north-east equivalent of Al Capone's Chicago and a haven for drug dealers. But thanks to the efforts of local people – backed up by local business – Nicholson claims the whole area "is unrecognisable from what it was five years ago".

The Vaux boss outlined three principles for successful action: the establishment of a partnership between all the influential locals; the outlining of a vision to which everyone could aspire; and the setting up of projects aimed at realising that vision. "It became obvious to us that lots of people had been pursing their own agendas," says Nicholson. "By looking at the horizon rather than at the end of our noses we realised that we all had the same objective: to make Pennywell a place of which we could be proud."

The business case for corporate community involvement, meanwhile, was articulated by NatWest's Wanless. He admitted that until three years ago the bank's efforts were motivated largely by philanthropy, but that such activities are now more fully integrated and the benefits measured. NatWest's initiative to spread financial literacy in secondary schools, he explained, was equipping young people with the concepts of lending and enterprise and producing potential customers of the future. Participation in projects improved staff problem solving, leadership and communication skills (and was linked to the bank's appraisal).

Other themes to emerge from Wednesday's discussion were:

- A widespread conviction that skills, time and other "human" resources were more important gifts than money.
- The importance of finding a leader to co-ordinate the often confusing array of local initiatives (integral to the success of the Sunderland project).
- The value of short placements in companies for jobseekers.
- The potential to involve a greater proportion of the workforce (notably by "gearing up" their out-of-office activities with office time).
- The strong focus on education (school visits, teacher placements, mentoring, encouraging employees to become school governors).
- The need to overcome apathy (particularly where projects fail to touch the lives of those they are supposed to help).

ARTS

Alastair Muir

A baleful Ariel and measured Prospero: Simon Russell Beale and Alec McCowen

Will the axe fall on Aix?

The festival is facing the biggest crisis in its 46-year history. **Andrew Clark** reports

A beautiful old town, perfect summer weather, traditional Provençal food, a [illegible] atmosphere [illegible] music: [illegible] Aix-en-Provence, [illegible] the [illegible] *Zauberflöte*. It [illegible] the [illegible] festival environment [illegible] north Europeans can only dream about, and helps explain why [illegible] attracts a large, faithful clientele.

[illegible] is different. [illegible] premier music [illegible] biggest [illegible] in [illegible] 46-year history. The programme [illegible] shrunk to just one [illegible] production and 12 con[illegible] – a [illegible] 60 events [illegible] normal. [illegible] deficit stands at more than FFr10m (£1.2m). There are no sponsors. As if these ills were not enough, a backstage accident in May damaged Aix's open-air theatre.

The festival blames its problems on the recession and says [illegible] French government [illegible] doing nothing [illegible] help. "[illegible] stay in the [illegible] international festivals, renowned [illegible] quality and [illegible]vation," [illegible] tive director, [illegible] Grillet.

"[illegible] a strong image [illegible]. But [illegible] government doesn't [illegible] to acknowledge this. Provence is [illegible] Paris, and in a [illegible] state, that's [illegible] good [illegible] us."

This year's [illegible] budget was only [illegible] up in January and represents a 30 per cent cutback. Grillet points out that while the government subsidises the Paris Opéra to the tune of FFr600m, it refuses to [illegible] its grant to Aix above FFr5m. [illegible] would barely dent the nation's culture budget, but would make a crucial difference to Aix.

For its part, the government says the festival's deficit is the result of poor financial controls and declining artistic appeal. "If we give more money, we want to know the [illegible] will reach a [illegible] of people," [illegible] phane Martin, [illegible] at the ministry [illegible]. "In [illegible] form, Aix [illegible]."

Martin said each festival performance this summer was being supported by FFr225,000 of government money. "Aix [illegible] have a public funding problem – we've actually [illegible] subsidy. The problem [illegible] the artistic side. [illegible] dependence [illegible], raise [illegible] volume [illegible] activity and develop [illegible] which will interest the public."

Behind Aix's current disarray [illegible] an [illegible] history. [illegible] festival [illegible] founded in 1948, with Gabriel Dussurget as artistic director and Hans Rosbaud as chief conductor. From [illegible] start, [illegible] a pillar of the repertory, augmented by Haydn, Monteverdi, Gluck, Rossini, Rameau [illegible] Dussurget's [illegible] spotting, [illegible] known singers [illegible] postwar era began their international [illegible] Aix. The [illegible] equivalent [illegible] Glyndebourne [illegible] Salzburg.

The recession and lack of help from the French government [illegible] blamed for the current disarray. But most observers agree [illegible] injection of new blood is needed

Since 1981 the artistic director has [illegible] Louis Erlo, who [illegible] runs [illegible] Opéra de Lyon. Although musical [illegible] high, the festival seems to have lost its way. Encouraged by [illegible] Socialist victory in local council elections in [illegible] Erlo changed the festival's [illegible] and expanded the budget. The assumption [illegible] Socialist [illegible] would raise its subsidy [illegible] sponsorship would [illegible]. However, the culture minister at the time, Jack Lang, was unimpressed with Erlo's policies, and the reces[illegible]. The [illegible] mount.

The election of a centre-right government last year only widened the gulf between Aix and Paris. It [illegible] looks as if the [illegible] will [illegible] to await the result of next year's presidential and local elections before its future can be resolved. If the centre-right wins the presidency and regains control of the Aix council, more [illegible] should [illegible] available. [illegible] would also speed up the appointment of [illegible] successor [illegible] Erlo, whose contract expires in 1996.

Most observers [illegible] the festival needs an injection of new blood. "The programme [illegible] what you would expect [illegible] festival which charges [illegible] price of FFr890," commented a senior figure in the French [illegible] establishment. "If you charge [illegible] much, [illegible] expect a more imaginative choice of repertoire, and artists who [illegible] more appealing."

But for the time being, Erlo's position [illegible]. He has [illegible] the support of influential local figures like [illegible] Edmonde Charles-Roux, [illegible] of [illegible] newspaper *Le Provençal*. The Aix [illegible] agreed [illegible] service [illegible] deficit and look [illegible] theatre, specially [illegible]structed [illegible] in [illegible] courtyard [illegible] archbishop's palace.

This year's [illegible] may look skimpy, but [illegible] for the place as much as the programme – the special Provençal light immortalised by Cézanne, [illegible] balmy climate, the [illegible] squares and, of course, [illegible] sound [illegible] Mozart wafting through [illegible] air.

Ballet/**Clement Crisp**

Several cheers for San Francisco

The San Francisco Ballet is America's oldest classical troupe, and it has marked its 61st year by playing a season at the Opera Garnier. Several cheers, say I, for a company that has been much improved by Helgi Tomasson – whom we remember as a leading dancer with Balanchine – its director since 1985.

The ensemble, as I saw it in Paris at the weekend, looks serious, skilled. (I hereby abandon my suspicion that America had declared a secret but vicious war on the EC by sending such awful and subversive troupes to Europe as the Washington Ballet and Bill T Jones and his ghastly crew). N[illegible] quite lived up to quality of the first work on view, Mark Morris's *Maelstrom*, made for SFB this year, but the impression given by two programmes was eminently satisfying.

The Morris piece is daring – who but a madman, or Mark Morris, would make a ballet to Beethoven's *Ghost* trio? – and, against all odds, utterly persuasive. Three good San Francisco musicians play the trio in the pit. The stage is sublimely lit by James Ingalls, so that the dancers glow in Martin Pakledinaz' claret-coloured outfits against a cloudy back-drop, and Morris allows himself to be led by Beethoven. Unlike most choreographers who take on "great" scores and bring to them preconceived ideas worthy of an axe-muderer, Morris finds ways of showing us what he hears Beethoven saying. So the dance flows over the stage, ideas are transferred between dancers, formal devices match step and musical phrase. At times one thinks, as Morris makes a point yet again, "Beethoven does that with much less fuss", but the sum effect is unemphatically noble and apt. For the haunted *largo assai*, Morris pulls off his most skilled effect, using a complex step, the *gargouillade*, as a signature movement. Extending it, or hinting at it, he matches what the music is doing. His way with balletic language throughout is easy, unforced. The piece is a joy.

The company danced admirably in *Maelstrom*, which was as well, since there followed an attack by Helgi Tomasson on Kurt Weill songs which turned its cast into zombies. The idea behind *Nanna's Lied* was, I surmise, to bring back the dear old days of UFA films [illegible] the Berlin of Georg Grosz. The result is novelettish, Dr Caligari paying a house call on Mills and Boone. Gloomy sets – dark, mad sloping walls, of course – and An Innocent Girl falling for a bit of rough, then [illegible] driven to prostitution ([illegible] usual jaunt [illegible] the period). She has, things being what they are, [illegible] loose her all, apparently to Nosferatu. Fatuous as drama, the ballet offers sub-MacMillan couplings to the sound of Weill songs in performance slack, unidiomatic. (*Surabaya Johnny* done over by an hysterical yodeller). Better forgotten. Better still, abandoned on the nearest tip.

The Balanchine works were *Bugaku* and *Who Cares*. Neither is very important; both were done with understanding and given an individual flavour – though not so strong as to smother the real taste of Balanchine. *Bugaku*'s eroticism, the happy Gershwin bounce of *Who Cares?*, were well served, and I greatly admired Elizabeth Loscavio as she sailed through *Embraceable You* and *My One and Only*, her dancing fresh, classically true, floating sweetly on the music.

Tomasson's real [illegible] identity [illegible] that [illegible] a dance-[illegible] in Balanchine fashion. (I recall early pieces in [illegible] [illegible] featly made). His *Quat[illegible] Stagioni* uses Vivaldi's interminable scratchings and twitterings (surely more [illegible] eight seasons?) for an [illegible] divertissement which [illegible] his [illegible]. Pretty [illegible] and Empire costuming from Santo Loquasto. Pretty dances. Pretty performances from the girls; light-footed leapings from the men. The piece is craftsman-like, agreeable, slightly [illegible], a [illegible] of the company's good dance manners.

Quite [illegible] Agnes [illegible] nowadays I am not [illegible]. It [illegible] repertory for Paris – the token bit of ethnic charm, perhaps? – but it looks more than ever like Oklahokum. The cowboys, the cowgirl, the friends from, Kansas City: all so jovial, all so open-air, all so likely to be found in dear old Quaintsville. I don't think *Rodeo* can be danced today. The San Francisco cast is careful, as one should be when handling an antique, but the piece is actually a fake.

A serious, skilled [illegible] Paris: Yuri Zhukov and Sabina Allemann of the San Francisco Ballet in 'Le Quattro Stagioni'

Theatre/**Alastair Macaulay**

The RSC's 'Tempest'

It [illegible] widely [illegible] RSC [illegible] high stan[illegible] accomplishment in acting, yet several RSC [illegible] in [illegible] shown an extremely mixed bag of performers. [illegible], for example, the current production [illegible] *Tempest*, directed by Sam Mendes, which opened last [illegible] in [illegible] which has just [illegible] to the Bar[illegible] have a technique more [illegible] than its Prospero, Alec McCowen. Ariel is [illegible] who is forever expanding [illegible] range and style by allowing himself to be [illegible] in dissimilar roles (for [illegible] alone he [illegible] played Ariel, [illegible] III and [illegible] in [illegible] at [illegible] RSC).

[illegible] far, so impressive. [illegible] Ferdinand [illegible] Mark Lewis Jones, [illegible] tight, small [illegible] is [illegible] always [illegible] even in [illegible] stalls, who [illegible] sounds strangulated on emphatic words, and who seems to [illegible] learnt no kind [illegible] legato delivery in speaking poetry. But [illegible] certainly [illegible] talent; four years [illegible] I much admired his ardent Tristram in the Lyric Hammersmith's [illegible] *d'Ar[illegible]*. Eith[illegible] the RSC [illegible] cast him beyond his capacity or it no longer has the kind of voice coaches who could help him. Let no one readily assume that the RSC is an all-round ensemble of vocal accomplishment any more.

But enough of this. [illegible] *Tempest* is an intelligent, lucid, rather [illegible] affair, [illegible] plenty [illegible] novel touches; and it [illegible] been [illegible] revised since its [illegible] premiere. Ariel [illegible] longer spits in Prospero's [illegible] he is finally released, but simply [illegible] him [illegible] long, cool glare. Nonetheless, [illegible] interpretation – [illegible] of Ariel's reluctant servitude to Prospero and [illegible] his [illegible] emotions – [illegible] the production's most [illegible]ture. His [illegible] glacial, ponderous, even baleful. Very arresting, but [illegible] wholly persuasive. There [illegible] mellifluous lyricism in his account [illegible] Ariel's [illegible] that [illegible] into [illegible] his perfor[illegible] the [illegible] "merrily, merrily" [illegible] implausibly from his lips; and Prospero calls him "dainty" and "my bird" to no avail.

As for Prospero, McCowen performs him with [illegible]sive precision, [illegible]sure and control that [illegible] been [illegible] hallmarks [illegible] his [illegible] in the last ten or more [illegible]. His every word commands attention, his [illegible] phrase inspires respect, and he [illegible] peaks with his rendition [illegible] "Our revels now are ended" (spoken with a beautifully [illegible] bitterness) [illegible] the [illegible]catory "Ye [illegible] hills" (uttered with increasing warmth, [illegible] if looking [illegible] new human [illegible] in [illegible] magic). Everything [illegible] fresh, [illegible] freshly packaged. [illegible] Prospero [illegible] so much [illegible] himself that [illegible] robs [illegible] play [illegible] its tension.

David Troughton's [illegible] Caliban, [illegible] ponderous and livid [illegible] Ariel though made of opposite ingredients, successfully catches the beautiful awe of "The isle is full of noises". But if Shakespeare [illegible] wanted Prospero's daugh[illegible] played [illegible] the pedes[illegible] manners of [illegible] Woodward, he would [illegible] called [illegible] Miranda, (which means marvellous, amazing, [illegible]drous). Too much of the clowning of [illegible] Bradley's Trinculo [illegible] Lockyer's Stephano [illegible] imposed on the play, [illegible] than drawn [illegible] it. The stranded nobles are [illegible] pretty dull lot; and [illegible] toy-theatre [illegible], with [illegible] deities, is anti-poetic.

The production is, however, larger than the sum of its parts. Paul Pyant's lighting and Anthony Ward's designs beautifully display the archi[illegible] play; I love the [illegible] the yellow soil, [illegible] deep-azure [illegible], the clouded, blue sky – and then, as [illegible] departs forever through a door, [illegible] a [illegible] beyond this world. The grand plan of the play [illegible] here – but not all its inner life.

In repertory at the Barbican.

INTERNATIONAL ARTS GUIDE

Stockhausen at Salzburg

The 1994 festival (July 25-August 31) takes to the air with the premiere of Stockhausen's Helicopter Quartet. While the composer controls the sound electronically in the Mozarteum, members of the Arditti Quartet will play their parts in four airborne helicopters.

Back on terra firma, this year's flagship opera production is Don Giovanni, staged by Patr[illegible] Chéreau and conducted by Daniel Barenboim, with a cast [illegible] by Ferruccio Furlanetto, Bryn Terfel, Catherine Malfitano and Cecilia [illegible]rtoli.

The rest of the opera programme has a Russian emphasis. There are three Stravinsky stagings, including a Kent Nagano/Peter Sellars production pairing Oedipus Rex and the Symphony of Psalms, with a cast headed by Agnes Baltsa, Thomas Moser and Matti Salminen. The Claudio Abbado/Herbert Wernicke production of Boris Godunov, first seen at the Easter festival, will be revived with Samuel Ramey in the title role.

In the concert programme, the Chamber Orchestra of Europe takes pride of place with two cycles of Beethoven symphonies in the Mozarteum, conducted by Nikolaus Harnoncourt. The Vienna Philharmonic gives two programmes under Riccardo Muti, and also gives concerts with Pierre Boulez, Mariss Jansons, Bernard Haitink and Georg Solti.

The drama programme continues to gather strength, with Shakespeare's Antony and Cleopatra directed by Peter Stein and Pirandello's The Mountain Giants directed by Luca Ronconi (Kartenbüro der Salzburger Festspiele, Postfach 140, A-5010 Salzburg. Tel 0662-844501 Fax 0662-846682)

■ **EXHIBITIONS GUIDE**

AMSTERDAM
Van Gogh [illegible] Van Gogh's Self-Portraits: 20 paintings and [illegible] drawings dating from [illegible] stay in Paris 1886-7. Ends Oct 9. Daily
Rijksmuseum Flowers and Plants: flora and fauna in five centuries of prints and drawings. Ends July 31. Closed Mon
BERLIN
Altes Museum The Last Days [illegible] Humanity: 600 photos, posters, paintings and drawings illustrating artists' responses to the first world war, and including work by Beckmann, Kokoschka, Dix, Picasso, Chagall and Wyndham Lewis. Ends Aug 28. Closed Mon
Haus der Kulturen der Welt Tanzania - masterworks of African sculpture: 400 works from the 19th and 20th centuries. Ends Aug 7. Closed Mon
CHICAGO
Art Institute [illegible] 100 works by the late-19th century French painter-poet. Ends Sep 18. Goya: [illegible] small-scale paintings. Ends Oct 16. Italian Sculpture from the Gilgore Collection. Ends Aug 14. Daily
COLOGNE
Wallraf-Richartz-Museum Impressionist Masterworks from [illegible] paintings from the period 1880-1900. [illegible] 4. Closed Mon
Josef-Haubrich-Kunsthalle Heaven and Hell in the Middle Ages: 200 paintings, documents and artefacts illustrating the medieval view of death and the [illegible] Ends Aug 28. Daily
DUSSELDORF
Hetjens-Museum Ceramic Works of Picasso, Miró and Tàpies: 90 works by three major Catalan artists of the 20th century, ranging from Picasso's decorative owls and figurines to Tàpies' massive sculptures. Ends Aug [illegible]
ESSEN
Villa Hügel Paris - Belle Epoque: an evocation of the period from 1880 to [illegible] with paintings, drawings, posters, photographs, glass and furniture. Ends Nov 13. Daily
FRANKFURT
Schirn Kunsthalle Goethe and Art: 300 paintings, drawings and sculptures ranging from antiquity till Goethe's death in 1832, and including work by David, Schinkel, Caspar David Friedrich, Claude Lorrain, Constable and Turner. Ends Aug 7. Daily
LONDON
Hayward Gallery Bonnard at Le Bosquet. Ends Aug 29. Daily (advance booking 071-928 8800)
Tate Gallery R.B. Kitaj retrospective. Ends Sep 4. Daily
Marlborough Fine Art R.B. Kitaj: recent pictures and graphics. Ends Aug 20. Closed Sun
Victoria and Albert Museum Pugin - [illegible] Gothic Passion: retrospective of the 19th century British designer. Ends Sep 11. Daily
National Gallery From Caspar David Friedrich to Ferdinand Hodler, [illegible] Romantic Tradition - Paintings and Drawings from the Oskar Reinhart Foundation. Ends Sep 4. Daily
Royal Academy of Arts Impressionism to Symbolism - The Belgian Avant-Garde 1880-1900. Ends Oct 2. Daily (advance booking 071-240 7200)
MADRID
Centro de Arte Reina Sofia Gerhard Richter: 100 works by one of the key figures in contemporary German art. Ends Aug 22. Closed Tues
MARTIGNY
Fondation Pierre Gianadda From Matisse to Picasso, Masterworks from the Gelman Collection: organised in collaboration with New York's Metropolitan Museum of Art, the exhibition shows Bonnard, Matisse, Braque and Léger, with pride of place given to 13 works by Picasso. Ends Nov 1. Daily
NEW YORK
Metropolitan Museum of Art Petrus Christus: 22 paintings by the 15th century Netherlandish master, renowned for the jewel-like luminosity of his work. Ends July 31. Picasso and the Weeping Women. Ends Sep 4. The Annenberg Collection of Impressionist and Post-Impressionist Masterpieces. Ends Nov 27. Dali - The Early Years. Ends Sep 18. Closed Mon
Museum of Modern Art From Manet to Picasso - Masterpieces from the David and Peggy Rockefeller Collection. Ends Sep 6. British Drawings 1890-1990. Ends Sep 13. Closed Wed
Whitney Museum of American [illegible] Edward Hopper (1882-1967) and [illegible] (b1962): [illegible] has selected 20 works by the former, and placed them alongside his own work. Ends Sep 11. Joseph Stella (1877-1946): more than 200 works by the American modernist. Ends Oct [illegible] Mon
PARIS
Grand Palais The Origins of Impressionism 1859-69. Ends Aug [illegible] Closed Tues
Musée d'Orsay Nadar, Photographs 1854-65: Nadar was a friend of writers and painters, whose portraits raised photography to the category [illegible] art. Ends Sep 11. Closed Mon
Musée d'Art Moderne de la Ville de Paris Dutch Art of the 20th Century: the first part traces developments from Van Gogh to Mondrian, while the second focuses on ten contemporary artists. Ends July 17. Closed Mon (11 ave du President Wilson)
■ Cartes musées available at all metro stations and museums, to avoid queuing at 60 museums.
PRAGUE
Kinsky Palace Albrecht Dürer: woodcuts and copper engravings by the early 16th century German master, plus examples of work by his pupils. Ends Aug 21. Closed Mon
SPEYER
Historisches Museum der Pfalz Romanov Tsarist Treasures: 200 pieces from the St Petersburg Hermitage, including jewellery, objets d'art, paintings, furniture and costumes, collected during three centuries of Romanov rule in Russia. Ends Aug 14. Daily
STUTTGART
Staatsgalerie Italian Drawings 1500-1800: [illegible] representative [illegible], high-quality Stuttgart collection, built up over the past two centuries and including work by Giambattista and Tiepolo. Ends Sep 4. Picasso: a rare showing of 400 prints from a private collection. Ends Aug 14. Closed Mon
Linden-Museum Art of the Aborigines: 90 wood paintings and 40 sculptures. Ends Sep 25. Closed Mon
VIENNA
[illegible] Museum Max Oppenheimer (1885-1954): retrospective of one of the most neglected figures in early 20th century Austrian art. Ends Sep 18. Closed Sat
Kunsthistorisches Museum Albrecht Dürer: a selection from the museum's collection of work by the early 16th century German master. Ends Oct 30. Closed Mon
WASHINGTON
National Gallery of Art Willem de Kooning's Paintings: 75 works by America's influential abstract expressionist. Ends Sep [illegible] From Minimal to Conceptual Art - Works from the Vogel Collection: 90 drawings, photographs, paintings and sculpture by contemporary artists, including LeWitt, Christo, Ryman, Beuys and Flavin. Ends [illegible] 27. Recent Prints and Sculpture from Gemini G.E.L.: a selection of work from the acclaimed contemporary art workshop in Los Angeles. Ends Oct 2. Ornament in European Graphic Art 1300-1800: more than 90 prints, drawings, illustrated books and decorative objects. Ends Aug 21. One of the jewels of the permanent collection, Jan van Eyck's Annunciation, [illegible] returned [illegible] public [illegible] two-year restoration. Daily
National Museum of American Art Thomas Cole: 70 works by the father of the Hudson River school of painting. Ends Aug 7. Mary Vaux Walcott: 50 watercolours by the early 20th century naturalist, explorer and artist. Ends Aug 29. Daily
Phillips Collection The Drawings of Stuart Davis (1894-1964): 90 watercolours, gouaches and drawings of radiant colour [illegible] the American modernist. Ends Aug [illegible] Daily
Freer Gallery Masterpieces of [illegible] Calligraphy: more than 30 calligraphers are represented from the first century BC to the 20th century. Ends next Feb. Daily
ZURICH
Kunsthaus Dada: 150 paintings, drawings and collages by Duchamp, Man Ray, Ribemont-Dessaignes, Max Ernst and many others, plus a large number of posters, letters and other documents relating to the nihilistic movement founded in Zurich in 1916. Ends Aug 21. Closed Mon

BRETTON WOODS 50 YEARS

Managers, not police

Mahbub ul Haq continues the anniversary series

If Lord Keynes and Harry White [redacted] rise from their graves, would they recognise their [redacted] creations? The chances [redacted] rather slim, for the [redacted] Woods institutions have drifted far from their original vision. Keynes proposed a fund equal to one half [redacted] world imports, [redacted] enable it to exercise a major influence on the global [redacted] tary system. Even the [redacted] conservative White proposed reserves equalling one-sixth [redacted] world imports.

Keynes also regarded balance of payments surpluses as [redacted] vice and deficits as a virtue, since deficits sustained global effective demand and gener[redacted] employment. Moreover, at the heart of the global monetary system [redacted] be fixed, but adjustable, exchange [redacted]

Today, the International Monetary [redacted] liquidity equal to only [redacted] cent of world imports. Deficit nations, particularly in [redacted] developing world, come under [redacted] pressure for adjustment, but surplus nations do not. Finally, fixed exchange [redacted] collapsed in the early 1970s and subsequent attempts [redacted] introduce [redacted] modicum of stability have proved largely futile.

The World Bank [redacted] help raise market funds at lower cost, with longer maturities, and for [redacted] private markets would not have touched. [redacted] International Development [redacted] 1960, [redacted] provide cheap [redacted] to poor nations. Yet recently [redacted] transfers, including [redacted], have been negative, [redacted] of $1bn [redacted] a year. [redacted] lending [redacted] developing [redacted] has increased rapidly, but three-quarters [redacted] to about [redacted] relatively better-off economies in Latin America and [redacted] Asia.

Two aspects [redacted] 50-year evolution [redacted] particularly [redacted]rying. First, the Bretton [redacted] institutions are [redacted] longer institutions [redacted] global management: they police the developing world instead. [redacted] Group of [redacted] leading industrial [redacted]tries [redacted] the private capital markets have [redacted] global job.

Second, while founders of [redacted] Bretton [redacted] institutions [redacted] searching for expansion[redacted] economic policies, [redacted] now [redacted] more preoccupied with [redacted] with jobs (though [redacted] pendulum is beginning [redacted] swing [redacted] more).

Schools versus soldiers: spending on education has too often been cut ahead of military expenditure in developing countries

The developing countries have, unfortunately, had [redacted] live with [redacted] the more deflationary agendas of [redacted] industrial world. The emphasis has too [redacted] on adjustment via demand [redacted] rather [redacted] supply expansion. Also, [redacted] items have usually [redacted] cut. There [redacted] many low-priority budgetary items. [redacted] education and health expenditures have [redacted] ahead [redacted] military expenditures, and [redacted] subsidies [redacted] slashed in preference [redacted] landlords and industrialists. The staff of the Bretton [redacted] institutions do [redacted] normally [redacted] outcomes, but they should have [redacted] stronger resistance.

[redacted] reforms [redacted] help reposition these institutions for the [redacted] century?

There does [redacted] be a global institution [redacted] ensure sound macro-economic management and global monetary stability. It should be [redacted] perform [redacted]

- Help [redacted] activity.
- [redacted] last [redacted] to [redacted]
- Calm financial markets when they become disorderly.
- Regulate [redacted] institutions with an international [redacted]
- Create and regulate new international liquidity.

[redacted] the first four functions [redacted] played by the IMF [redacted] to reclaim [redacted] in the global monetary system. Four cautious steps would [redacted] it in the right [redacted]

First, there [redacted] of some [redacted] in [redacted]. This [redacted] appropriate now, when inflationary pres[redacted] low, primary [redacted]modity prices [redacted] hit bottom, [redacted] industrial countries [redacted] reducing budget [redacted] and an [redacted] global liquidity might help fuel [redacted] recovery.

Second, [redacted] Compensatory [redacted] Contingency Financial Facility (CCFF) [redacted] the IMF [redacted] offer [redacted] compensation for shortfalls in exports. Its [redacted] period [redacted] needs [redacted] be [redacted] more impor[redacted] should be [redacted] policy conditionality.

Third, in [redacted] with the Bank [redacted] Settlements, [redacted] IMF [redacted] acquire some regulatory control over [redacted] banking.

Fourth, the IMF must acquire [redacted] greater role in global macro-economic management, by exerting influence [redacted] the policies of major industrial [redacted]

The [redacted] is the [redacted] institution for advising developing countries on economic [redacted], but it needs [redacted] develop greater sensitivity and expertise [redacted] linking growth to human lives. It must also find new ways of recycling resources. [redacted] IDA [redacted]ity per poor [redacted] has been shrinking, greatly limiting the Bank's options. There will need to [redacted] more innovative [redacted] of raising finance [redacted] global poverty.

Finally, the Bank must consider restructuring its own debts. It has [redacted] all other creditors to restructure their debts, but [redacted] to [redacted]ule its own, citing its charter and concern about [redacted] rating. The result [redacted] Bank will [redacted] up recycling [redacted] servicing of its own [redacted] lending, rather than transferring [redacted]

[redacted] points must [redacted] made. One is that [redacted] proposal for [redacted] merger [redacted] IMF and [redacted] World Bank would be extremely unpopular in the developing world. Rightly [redacted] wrongly, [redacted] goodwill [redacted] World [redacted] in [redacted] developing [redacted] than [redacted] IMF.

Second, [redacted] United Nations [redacted] to [redacted] as [redacted] for [redacted] rather than just [redacted] police force. [redacted] increasingly within nations [redacted] than between them, [redacted]taining peace requires socio-economic development. [redacted] broader consultative process than [redacted] offered by the G7. For [redacted] purposes [redacted] Security Council [redacted] within the UN [redacted] should supervise [redacted] policy direction [redacted] all international economic institutions, including [redacted] twins.

The founders [redacted] the [redacted] institutions [redacted] were neither inhibited nor timid 50 years ago. But [redacted] our creativity now regarding the [redacted] shape [redacted] global [redacted]nomic governance? It [redacted] begin designing the global institutions of [redacted] 21st century.

[redacted] is a former [redacted] of Pakistan, a former official of the World Bank and is currently chief architect of the UNDP's annual Human Development Report. Previous [redacted] in the [redacted] were on [redacted] 21 [redacted] July [redacted]

Joe Rogaly

Filling in the pink spaces

[redacted] patience [redacted] those of us whose pulses race [redacted] the prospect [redacted] Mr Tony Blair becoming leader of the Labour party [redacted] being tested. The young man's stubborn [redacted] on starting and ending [redacted] discussion with [redacted] declaration [redacted] values and principles is costing him [redacted] In England, where most [redacted] the [redacted] lives, abstract discourse, the deployment [redacted] grand perspectives, is regarded with suspicion. It [redacted] sort [redacted] thing [redacted] expect from [redacted] French.

Indeed, Mr Blair [redacted] turning [redacted] an [redacted] repository [redacted] our expectations. His [redacted] protracted lectures may be the best way of both winning the Labour leadership and positioning [redacted] party [redacted] a two-year [redacted] on the Conservatives, but it [redacted] the [redacted] who [redacted] doomed to [redacted] the [redacted] of [redacted] They [redacted] and [redacted] out [redacted] the window. The hot [redacted] sun [redacted] Do they have to [redacted] hearing why they [redacted] not present the tutor with a false [redacted] on [redacted] political [redacted]drum? They [redacted] themselves [redacted] question common [redacted] all participants in [redacted] – "what am I doing here?"

At his [redacted] persuasive, Mr [redacted] sounds [redacted] if, running [redacted] professor in a theological seminary, he would [redacted] to dis[redacted] as outmoded [redacted] choice [redacted] chastity [redacted] depravity. In truth, the case for purity [redacted] be made. The trouble [redacted] not everyone [redacted] know it. You would [redacted] buried [redacted] a wrapping of verbiage [redacted] suggested, [redacted] those [redacted] wanted [redacted] have it [redacted] ways, [redacted] they could. Thank heavens he would [redacted] go [redacted]

Yet my [redacted] for [redacted] prospect [redacted] refreshment [redacted] British politics by [redacted] recon[redacted] Labour party remains undiminished. Mr Blair is the only active politician who is displaying the potential [redacted] be an agent of reconstruction. There is no serious alternative. We must presume that Labour realises this. Nothing should [redacted] taken for granted in a democratic contest. An upset [redacted] extremely unlikely, but not impossible. If, by [redacted] mishap, the party gets its sums [redacted] and chooses either [redacted] the other contenders, [redacted] can forget the whole [redacted]

Labour led by Mrs Margaret [redacted] or Mr John [redacted] would stand [redacted] little chance [redacted] forming a government as did Labour under Mr Michael Foot. [redacted] would have [redacted] on the frustrating task of improving the Tories, gritting our teeth at the prospect of enduring their misgovernance until the millennium.

Only hardline Eurosceptics could take offence at Blair's approach; Europhiles in all parties should approve of the language

The electorate will [redacted] how deep Labour's comprehension [redacted] political [redacted] the result of [redacted]ship election [redacted] sensible assumption [redacted] Mr Blair will [redacted] of the opposition [redacted] Friday and, probably, prime [redacted] in 1996 or [redacted] would [redacted] make [redacted] we [redacted] our [redacted] The putative [redacted] gives the following reply [redacted] New [redacted] "Think [redacted] the huge amount [redacted] constitutional reform with [redacted] Act, the Bill [redacted] Rights, the changing of the constitution in [redacted] House [redacted] Lords, [redacted] parliament, a [redacted] assembly, regional government, quangos." Britain would sign the social chapter of the Maastricht treaty. [redacted] union recognition rights would be granted. "These are not minor [redacted] irrelevant changes. Labour has [redacted] huge radical [redacted] in this area," said Mr Blair.

He – Labour – [redacted] has an agenda, [redacted] which [redacted] radical, [redacted] the management of the [redacted] education, participation in the European Union, and welfare. Mr [redacted] has [redacted]ken at length on [redacted] of these. The trick [redacted] to brush aside the false-dichotomy preambles and pull apart the wrapping [redacted] placatory verbiage. Then [redacted] can [redacted] what is a specifically Labour or Blair proposal and [redacted] is an attempt to persuade his party [redacted] accept [redacted] the Conservatives have put in place.

Mr Blair has adopted the economic strategy of his shadow chancellor, Mr Gordon [redacted]. This rel[redacted] heavily on [redacted] promotion of [redacted] and training. [redacted] does the government. Labour would, uniquely, introduce [redacted] minimum [redacted] of an unspecified amount, and [redacted] rich, [redacted] an unspecified rate. [redacted] Europe, Mr [redacted] tone [redacted] friendly, [redacted] government's [redacted]picious. There [redacted] Our [redacted] pink hope [redacted] round the [redacted] single [redacted], insisting, [redacted] Major, on full [redacted] the participating [redacted] Britain's opt-out [redacted] perhaps [redacted] opt-in. [redacted] urgent, he [redacted] proposes looking [redacted] involvement of both [redacted] European and national parlia[redacted] in European decisions.

Acceptance of [redacted] social chapter [redacted] special [redacted] Labour; for the rest Mr Blair's positive but cautious approach [redacted] a changing Europe would not offend Mr Douglas Hurd or Mr Kenneth Clarke. Only hardline Eurosceptics could [redacted] offence; Europhiles in all parties should approve of the language, while appreciating, with Mr Blair, the immensity of the task of persuading the rising generation of Europeans of the validity [redacted] what he calls the European "project".

Wednesday's lecture on welfare was the most outspoken to [redacted] "I quite understand the resentment of every taxpayer who has to pay £20 a week in taxes to keep 3m unemployed," said Mr Blair. He spoke of helping people to help themselves, as did Mr Bill Clinton in his presidential campaign. "Work and welfare go together," said Mr Blair; "...welfare must enhance duties and responsibilities and not be a substitute for them." Talk [redacted] removing the poverty [redacted] that [redacted] an [redacted] to [redacted] on the [redacted] part [redacted] politics, [redacted] all parties.

Mr [redacted], however, [redacted] to [redacted] audience that history [redacted] might regard such thinking [redacted] an [redacted] of betrayal. So he sweetened the pill. Using President Clin[redacted] very words, he [redacted] that the [redacted] philosophy has [redacted]credited. "Britain [redacted] more unequal and divided [redacted] been [redacted] generation." [redacted] the [redacted] give [redacted] troops. [redacted] yet, [redacted] followed [redacted] a mindless [redacted] even more [redacted] Mr Blair's contribution [redacted] was to specify the principles, although [redacted] by which the welfare rolls [redacted] "The [redacted] must find [redacted] from dependency [redacted] possible," he [redacted] Great. [redacted] must now pre[redacted] that [redacted] becomes [redacted] he [redacted] tell us how.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. [redacted] be clearly typed and not hand [redacted] Please set fax [redacted]

Myth of technology and competitiveness

From Dr Kirsty Hughes.

Sir, It [redacted] most [redacted] Guy de Jonquières' [redacted] the high-tech bandwagon (Economic Eye, July 11). Myths [redacted] high [redacted] have [redacted] influential, leading the European [redacted], among oth[redacted] to argue [redacted] improved performance in high technology is a central route [redacted] increasing competitiveness. This view [redacted] not consistent with the evidence.

Assessing [redacted] performance in the 1980s [redacted] export [redacted] and [redacted] balance, it can be shown that – of the six largest economies – the [redacted] with the best trade performance were Japan, Germany [redacted] Italy, which had their best performance respectively in high, medium and low technology.

[redacted] two [redacted] performers, [redacted] UK and [redacted] US, had [redacted] best performance [redacted] high technology. The US's competitiveness [redacted] in particular in medium-technology products.

Innovation [redacted] the sole determinant of competitiveness – it [redacted] not equivalent to [redacted] equal to [redacted] technology. [redacted] the [redacted] problems is [redacted] managerial [redacted] to [redacted] R&D into innovation [redacted] level of R&D. [redacted] the same [redacted] small and [redacted] enterprises [redacted] without doing formal R&D.

Not only is competition in high-tech sectors not the [redacted] to competitive success, it is becoming increasingly costly. Increased costs and increased competition equal lower profits. Consequently, [redacted], companies have increasingly [redacted] – with many inter[redacted] joint [redacted] in [redacted] occurring between US, Japanese and EU companies. [redacted] outcome of this is a process of technological levelling, [redacted] come of which will [redacted] a much greater emphasis on factors [redacted] R&D in international [redacted] competition.

These developments pose great challenges for technology policy in the EU and in individual countries – [redacted] present these challenges are not being taken up.

Kirsty Hughes,
head, European industrial development group,
Policy Studies Institute,
100 Park Village East,
London NW1 3SR

Europe should follow US on petrol pollution

From Mr Adam Seymour.

Sir, The [redacted] relative healthfulness [redacted] unleaded petrol (Letters, July 11 [redacted] 13) [redacted] reference [redacted] the example of [redacted] US, where the problems [redacted] urban [redacted] pollution have been more [redacted] the attempts to [redacted] them [redacted] rigorous than in Europe.

[redacted] January [redacted] US refining industry will [redacted] required [redacted] produce a new [redacted] gasoline for highly pol[redacted] urban areas. Two [redacted] the specifications [redacted] this [redacted] gasoline limit [redacted] and overall aromatics content, [redacted] proliferation [redacted] air[redacted] carcinogens and ground-[redacted]. [redacted] Bonn proposal [redacted] restrict [redacted] ("Bonn [redacted] action [redacted] petrol pollutant", July 7) has, therefore, [redacted] precedent and [redacted] which is far [redacted] comprehensive.

The specifications [redacted] green gasoline [redacted] result [redacted] three-year research programme in which government [redacted] oil [redacted] Another example [redacted] European industry [redacted] do well [redacted]

[redacted] Seymour,
Oxford [redacted] for Energy Studies,
[redacted]
Oxford [redacted]

Big electricity users not paying too high a price

[redacted]

Sir, Electricity [redacted] have enjoyed price [redacted] privatisation four years [redacted] regulatory body, Offer, [redacted]firmed this in [redacted] annual report. Despite this, [redacted] Chemical Industries [redacted] large [redacted] paying too much ("Big electricity users 'suffering high price rises'", July 13).

The [redacted] that there are no [redacted] "cost-reflective supplies [redacted] large users". But [redacted] figures, quoted in [redacted] report, [redacted] this [redacted] be [redacted] They [redacted] paying just over 3.5p per unit and they [redacted] secure this price because they are free to choose between suppliers in an increasingly competitive market place. In comparison, I suspect that small business users, who will not be able to shop around until 1998, would be delighted to pay 3.5p.

The large users are right about the charges imposed by the monopoly transmission and distribution businesses. Cost-cutting there would benefit all users.

David Porter,
chief executive,
Association of Independent Electricity Producers,
[redacted] Whitehall, London SW1

Estonia has set good currency example

[redacted] Mr Ardo [redacted] Professor Jeffrey D [redacted]

Sir, [redacted] by Philippe Legrain, "Baltic [redacted] roads [redacted] freedom" (June 21) [redacted] misinformed criticism [redacted] Estonia's currency board system, in which the exchange [redacted] the [redacted] kroon [redacted] the D-Mark, [redacted] the [redacted] bank abjures domestic credit expansion. Legrain alleged [redacted] Estonia's currency arrangements [redacted] leading to high inflation and currency overvaluation. This is an odd charge, since similar currency systems, such as in Argentina [redacted] Hong Kong, have underpinned price stability.

Legrain seems [redacted] have extrapolated from [redacted] single [redacted] price increase, 8.9 [redacted] in March, [redacted] reach [redacted] and unfounded conclusions. The March price increase resulted mainly from the elimination [redacted] subsidies [redacted] various service-sector prices, such as public transportation. [redacted] March, [redacted] among the very lowest [redacted] post-communist economies, registering just 0.7 per cent in the [redacted] of June, and just [redacted] for the entire [redacted] quarter.

The fact is [redacted] the currency board [redacted] performed [redacted] expected, [redacted] in [redacted] detailed comparison [redacted] the Baltic state's monetary arrangements. [redacted] Estonian currency board has provided a firm anchor [redacted] goods prices, which cover [redacted] large proportion of Estonia's small open [redacted]. As expected, non-traded goods prices have risen [redacted] than [redacted] goods prices, partly [redacted] the result [redacted] end [redacted] price controls, [redacted] partly as [redacted]quence of rapid productivity improvements in the tradeable sector, which have pushed up Estonia's wages in D-Mark [redacted] dollar [redacted]

The kroon [redacted] hardly becoming overvalued as a result of [redacted] wage increases, however, especially since dollar wage [redacted] were remarkably low at [redacted] start of Estonia's reforms. Estonia's average industrial [redacted] is currently about [redacted] month, making Estonia highly competitive in attracting foreign capital, especially as an export platform [redacted] Europe. This [redacted] why European, and especially Scandinavian, [redacted] are setting [redacted] production operations in Estonia [redacted]

What Mr Legrain [redacted] recognise is that [redacted] stability and strict monetary discipline have contributed [redacted] solid investor confidence, low [redacted] and [redacted] the highest in the Baltics [redacted] perhaps the highest [redacted] all the economies in transition in [redacted] It is [redacted] Lithuania changed [redacted] Estonia's currency [redacted] arrange[redacted] in April, [redacted] Latvia has [redacted] recently [redacted] its floating exchange [redacted] policy in favour [redacted] exchange rate, though without the firm backing (and thus [redacted] main benefits) [redacted] stricter cur[redacted] system.

Ardo Hansson,
Stockholm [redacted] of [redacted],
adviser [redacted] prime [redacted] of [redacted]
Jeffrey [redacted] Sachs,
[redacted] University,
Cambridge,
Massachusetts, [redacted]

Glasgow versus Glyndebourne

From Mr [redacted] McLaughlin.

Sir, I read with interest David Murray's review of the new Glyndebourne production of [redacted] Giovanni (Arts, July 12). [redacted] elements of [redacted] audience [redacted] noisy [redacted]approval also involved a Mozart piece – Pe[redacted] Sellars' [redacted] of Die Zauberflöte. When this production came to [redacted] in [redacted] however, it received [redacted] most enthusiastic welcome at the city's Theatre Royal.

It [redacted] hoped that director [redacted] Warner will take heart from this. [redacted] imaginative treatment of a much-loved Mozart masterpiece, even if controversial, [redacted] find a more sympathetic reception from [redacted] different audience.

Perhaps Ms Warner should persuade Glyndebourne Touring Opera to take her Don Giovanni into its repertoire. I live in hope that she might measure the reaction of the opera lovers of Glasgow against the lou[redacted] of Glyndebourne.

Thomas McLaughlin,
4 Munro Road,
Jordanhill, Glasgow [redacted]

FINANCIAL TIMES

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Friday July 15 1994

What is wrong with Mr Santer

After the mismanagement on Corfu three weeks ago, there was always a chance that the relaunched process for selecting the European Commission president at today's special summit in Brussels would result in an unsatisfactory compromise. That risk seems about to become reality. In the wake of Britain's veto of Mr Jean-Luc Dehaene, the German government has made a vigorous effort from the EU chair to find a candidate capable of rallying unanimous assent. Mr Jacques Santer has emerged as the favourite to be nominated today, mainly because no-one has strong grounds for turning him down.

The Luxembourg prime minister may be regarded as a safe choice. Unfortunately, he is an insufficiently compelling one to be agreed without a proper debate on the future running of the Commission. Rather than select now a less than inspiring successor to Mr Jacques Delors, the heads of government would be well advised to wait until the autumn. A delay in the timetable set out by Chancellor Helmut Kohl might look like a setback. But it would allow time for the appropriateness of Mr Santer and alternative candidates to be openly discussed. In particular, it would permit a useful period for mandatory consultation with the European parliament.

In an editorial on April 27, the Financial Times suggested that the Commission president would need to combine the qualities of an effective administrator, an economic tactician able to help generate growth and jobs, and a visionary who could steer [illegible] Union that is widening as it becomes more integrated. The FT has also consistently argued [illegible] the secretive procedure [illegible] allocating this important office is [illegible] and should be reformed.

If Mr Santer fulfilled in an ideal fashion the above three criteria, the shortcomings in the method of choosing him could perhaps be overlooked. He has shown competence running the Grand Duchy since 1984, and has plenty of experience of Euro-diplomacy. However, Mr Santer cannot be considered an optimal candidate for a job whose holder could play a vital role in shaping the Union up to the end of the century. The choice of a figure representing the lowest common denominator of member governments' wishes, selected under a process that exacerbates Europe's democratic deficit, would mark a wrong turning.

The Commission presidency raises some exacting questions for Mr Kohl, the chairman of today's meeting. Mr Kohl has frequently underlined the need to increase the powers of the Strasbourg assembly, a goal only partly achieved with the Maastricht treaty. Initial soundings from newly-elected MEPs indicate that Mr Santer is likely to receive at best an unenthusiastic endorsement. If Mr Kohl were to take the assembly inadequately into account during the [illegible] procedure laid down by Maastricht, [illegible] could damage both the chancellor and the chances of constructive relations between the parliament and the European council.

Today's summit will also require adroitness from Mr John Major. The UK prime minister will not want to deploy Britain's veto for a second time, not least because Mr Santer's appointment could serve Britain's interest of trimming the Commission's sails. However, other governments might realise the danger that [illegible] quick decision could turn out to be the wrong one. Any participant at today's summit with misgivings [illegible] candidature should be encouraged to speak out. It is still not too late for [illegible] better choice.

More rubbish

Recycling household rubbish may be environmentally damaging. It can also be very expensive. Those are the clear messages of yesterday's report by the UK parliamentary select committee on the envi[illegible]. They [illegible] long [illegible] and [illegible].

[illegible] is one [illegible] the UK [illegible] most popular environmental policies. People love [illegible] be told [illegible] their [illegible] can save the planet. Children, inspired by school projects and [illegible] pro[illegible], insist their [illegible] bottles to the [illegible] than [illegible] them into [illegible] bin.

The [illegible] for recycling metals, particularly aluminium, [illegible] well established, according [illegible] the [illegible] industry. [illegible] can be [illegible] from rubbish tips with [illegible] and melted down.

But some recycling [illegible] well consume more natural [illegible] particularly [illegible] than it [illegible]. The [illegible] recycling [illegible] and paper [illegible] not always clear cut. The [illegible] for recycling plastics, despite technological improvements, is hotly disputed.

Such calculations are complex. They depend partly on assumptions about energy consumed in collecting waste. They also depend on the value assigned to conserving resources, be they renewable, like trees, or not. Such estimates should still be made. If there is no environmental benefit, there is no reason to pay the considerable costs of some recycling schemes.

In the government's attempt to devise a policy on waste disposal, it has failed to make thorough comparisons of the environmental merits of the rival methods: recycling, landfill, and incineration. Nor, in urging people to minimise waste, has it estimated the costs of doing so. It is in danger of adding an expensive – and quite probably counter-productive – strand to its environmental policy.

Rifkind's miracle

Fifteen [illegible] Margaret Thatcher came [illegible] power, and nearly four years [illegible] she [illegible], Thatcherism has [illegible] penetrated the British armed forces. It had been applied at least partially to [illegible] procurement in the 1980s; but not until this year did the Ministry [illegible] Defence, with [illegible] help from the Treasury and the private sector, [illegible] to [illegible] more than £750m [illegible] annual expenditure on [illegible] all of which can be [illegible] in [illegible] affecting the efficiency and fighting quality of frontline [illegible].

That, [illegible] least, [illegible] what Malcolm Rifkind, the [illegible] secretary, [illegible] Commons [illegible] believe yesterday, when [illegible] his [illegible] study, entitled "Front Line First". In fact, he [illegible] made an announcement of [illegible] worth [illegible] a [illegible], to which [illegible] was [illegible] the 1993 Budget [illegible], sound like an [illegible] in [illegible] spending. First, he listed all the procurement projects which [illegible] been on hold since [illegible] December, and [illegible] would [illegible] had [illegible] cancelled [illegible] the savings in support [illegible] not been found. Then he [illegible] to announce extra items, [illegible] which money [illegible] miraculously found [illegible] the [illegible] identified actually went beyond what the Budget [illegible] required.

Some of these "enhancements" will simply reverse the effect of earlier cuts, for instance by taking a frigate and a submarine out of mothballs and putting a squadron [illegible] Harrier aircraft back in the [illegible] line. Others are genuinely new, such [illegible] a [illegible] increase in operational training for the army and airforce, some £60m-worth of command, [illegible] and communications equipment for a new joint rapid deployment force modelled on the French Force d'Action Rapide, and a probable purchase of submarine-launched cruise missiles from the US.

The savings, Mr Rifkind stressed, could be found because he and his staff were given eight months to look for them, and because they enlisted the help of people within the armed forces, down to middle-rank officers and below, as well as senior Treasury civil servants and private sector executives. A broad theme of the exercise is decentralisation, with budgetary responsibility devolved downwards to junior officers.

All this sounds thoroughly laudable, but if such large sums were really being wasted, one can only wonder why on earth it was not done much sooner. Inevitably the suspicion arises, and has been voiced by both retired and serving officers, that risks are being taken which were hitherto considered unacceptable. To take one example, will not a concentration of all headquarters facilities in one place render the whole British defence effort vulnerable to a single act of terrorism?

The real weakness of the study, however, is its lack of reference to any strategic assumptions about the mission of Britain's armed forces. Mr Rifkind holds that no such reference is necessary, since frontline strengths are unchanged and are designed to fulfil commitments already outlined in last year's white paper, "Defending Our Future". But that white paper only outlined them in very general terms, and fell well short of being the re-examination of Britain's military requirements, starting from first principles, which the fundamental geopolitical changes of the last five years would surely justify. Britain has yet to carry out an exercise comparable to last year's "Bottom Up Review" in the US, or this year's Livre Blanc in France. It still needs one.

When neighbours make good returns

The yen's rise is encouraging a strategic shift by Japanese industry into other Asian markets, says William Dawkins

One of the most important – and least noticed – consequences of the yen's recent rise has been to drive Japan into a fresh trade and investment assault on its Asian neighbours.

Its economic advance into Asia, which began with the first round of yen appreciation in the late 1980s, is entering a new phase. The US and Europe stand helpless, watching their share of Japanese investment decline and Japan's economic dominance of Asia increase.

Asia overtook the US as Japan's largest export destination in 1991 and last year Japan's trade surplus with the region surpassed its surplus with the US for the first time. Ten years ago, Japan exported a third more to the US than to Asia; now the balance is the other way.

Japanese direct investment in the rest of Asia has followed a similar pattern, a short way behind export growth. Its investments there rose more than three-fold from $2.3bn in 1986 to $7.3bn in 1993, roughly one-fifth of Japanese investment worldwide.

Japanese investment in Asia will nearly double, as a share of overall foreign investment, to 37.5 per cent this year, according to a recent survey by the Ministry of International Trade and Industry. At this rate, Asia will by the end of the decade [illegible] US as the largest [illegible]ient of Japanese direct investment, believes Mr Chi-hung Kwan, [illegible] manager [illegible] Nomura Research Insti[illegible] (NRI).

One of the latest leading Japanese companies to bolster its presence in the region is Toshiba, the electronic machinery maker, which recently asked four of its domestic telecommunications equipment component suppliers to decamp from Japan to its plant in Huanzhou, an industrial port in eastern China.

This is the first time it has asked its suppliers to move wholesale into Asia, a change in strategy motivated by its managers' realisation that Japan's economic fortunes are becoming increasingly linked with those of its quickly-industrialising neighbours.

Until recently, the group used its 14 plants there as satellites, explains Mr Kazuo Ishiguro, the group's Asian manager. Their job was to assemble Japanese-made components cheaply and re-export them to Japan, the US and Europe.

Like many Japanese companies Toshiba responded to the yen's sharp rise in value after the 1985 Plaza accord, which was aimed at curbing the value of the dollar, by shifting the lowest technology parts of its production outside Japan.

Now, Toshiba also assumes that Asia will be its fastest-growing market for at least the next decade, not merely the pool of cheap production it was in the 1980s, says Mr Ishiguro. He predicts Huanzhou-type operations will be the new pattern for Toshiba's investment in the region.

A growing number of Japanese companies can be expected to follow Toshiba's example and add component suppliers to their basic assembly plants in the region, believes Mr Yoshio Sakakibara, Asian director of the Japan External Trade Organisation (Jetro).

"Across Asia, Japanese companies are looking to increase their local content ratios, because the size of the market is increasing," he says. There is a second, more basic factor. Many seek to step up local content to avoid heavy import duties on part-assembled products. This was, incidentally, one reason for the wave of Japanese investment in Europe a decade ago.

Japan's industrial advance into east Asia has been led by sectors in which assembly forms a high share of costs, such as consumer electronics – as a result of which Japan last year became a net importer of colour televisions for the first time – home appliances and cars. Automotive component suppliers have yet to join the exodus on the same [illegible].

[illegible] examples [illegible] consumer electronic giants [illegible] and Sharp in Malaysia, which have become so deeply embedded in the local economy that their combined local sales account for 6 per cent of the country's gross domestic product, according to Jetro.

Toyota, Hitachi and Sony have all in recent months opened new plants or announced expansion plans in Thailand, to sell to the local market. Japanese banks have followed their industrial customers so that the rest of Asia last year overtook Europe to become the second-most important foreign destination of Japanese banks' foreign loans after the US.

So far, Japanese companies have reaped rich rewards from their Asian onslaught, all the more welcome when their domestic market has been struggling through [illegible] longest recession in post-war years. According to the Industrial Bank of Japan (IBJ), the operating profits of [illegible] Asian offshoots, [illegible] a percentage of turnover, averaged 4.8 per cent in 1991, well above the 0.9 [illegible] subsidiaries.

Japan's economic influence in the [illegible] so strong that its neighbours are now under pressure to peg their currencies to the yen, rather than the dollar – the first step towards the formation of a [illegible] bloc, [illegible] NRI's Mr [illegible].

A yen bloc in Asia might seem, to many, a distant prospect given that region's political and economic dif[illegible] are [illegible] greater than between Europe Union countries, which are struggling to establish a currency [illegible].

Yet [illegible] without [illegible] yen bloc, Japan's [illegible] Asia [illegible] the region [illegible] "force, [illegible] and [illegible] that will change – and profoundly – [illegible] only [illegible] economic, industrial [illegible] power, [illegible] the international [illegible] political power," predicts Mr [illegible] Curtis, [illegible] at [illegible] Capital [illegible].

Japan's [illegible] does, however, [illegible]. [illegible] include corporate Japan's understandable caution, regional [illegible] instability – illustrated [illegible] predictable [illegible] leadership – and [illegible] tentativeness of Tokyo's attempts [illegible] deepen diplomatic [illegible] in the [illegible] of Asia.

Mr [illegible] Taketomi, the [illegible] chief economist, believes the growth rate of Japan's Asian investments will be constrained by companies' unwillingness to break the social [illegible] against making redun[illegible] home. There will be, he predicts, a reorganisation [illegible] Japa[illegible] investments within the region, away from relatively high-cost [illegible] such [illegible] Hong Kong into cheap ones [illegible] as southern China.

Japan's trade surplus with the rest of Asia will continue to rise, but Mr Taketomi believes the overall volume [illegible] will grow [illegible] enough to defuse serious political problems of the kind that bedevil Japan over its surplus with the US.

"This surplus [illegible] healthy for Asian countries. They will probably succeed in upgrading their industrial structure so that they will show [illegible] surplus at the end of [illegible] century. Japan [illegible] in [illegible] similar situation in the 1960s," he [illegible]. Forty years later, Japan will be the prime candi[illegible] to absorb the coming explosion [illegible] exports, he predicts.

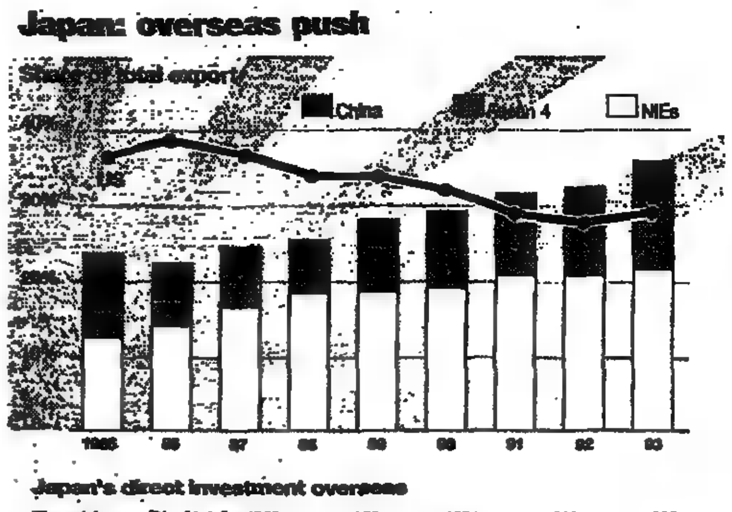
The government [illegible] played [illegible] cautious role in supporting Japan's economic advance [illegible] Asia by trying [illegible] diplomatic relations with [illegible] region – partly in [illegible] to the weakening in Tokyo's [illegible] with Washington brought by the end of the Cold War.

Until recently, Japan's Asian strategy was one-dimensional. It consisted of of disbursing [illegible] per [illegible] aid budget – the world's largest – to the region, [illegible] hangover from post-war reparations. But Japan's support for [illegible] Asia-Pacific Economic Cooperation Forum (Apec), [illegible] up five [illegible] ago partly on a blueprint drawn [illegible] by Tokyo's Ministry [illegible] International [illegible] and Industry, [illegible] enabled it to make [illegible] slightly [illegible] diplomatic contribution. Tokyo will [illegible] third [illegible] Apec [illegible], and [illegible] Asean Regional Forum – a body formed [illegible] security in [illegible] region.

However, Japan still has some [illegible] win [illegible] neighbours' complete trust. A claim made in May by [illegible] former justice minister [illegible] massacre [illegible] Nanking, [illegible] Japanese wartime atrocity, never happened, [illegible] diplomatic damage, undermining especially South [illegible] government [illegible] persuade [illegible] of Japanese credibility.

It [illegible] sent shivers of alarm through Japanese [illegible] subsid[illegible] Asia, according [illegible] of their Tokyo-based colleagues. [illegible] of [illegible] reported [illegible] significant drop in [illegible] result, but [illegible] incident showed that Japan's inexorable economic advance [illegible] will [illegible] always be smooth.

Japan: overseas push



Japan's direct investment overseas

Financial years (% of total)	1989	1990	1991	1992	1993 1st half
Asian NIEs:	7.3	5.9	5.3	5.6	7.8
South Korea	0.9	0.5	0.5	0.7	1.0
Taiwan	0.7	0.8	1.0	0.9	0.8
Hong Kong	2.6	3.1	2.2	2.2	3.9
Singapore	2.8	1.6	1.5	2.0	2.1
Asean 4:	4.1	3.7	7.4	9.4	6.3
Indonesia	0.9	1.9	2.9	4.9	2.6
Malaysia	1.0	1.3	2.1	2.1	1.4
Philippines	0.3	0.5	0.5	0.5	0.3
Thailand	1.9	2.0	1.9	1.9	1.7
China	0.8	0.8	1.4	3.1	4.4
US	48.2	45.9	45.3	48.5	40.9

Figures do not include re-investments.

Charles [illegible] and Andrew Adonis examine the need for a reform of democracy

Power to the people

Democracy is leading a double life. Two and a half thousand years after its emergence, the virtues of contested elections and open debate are only just reaching parts of eastern Europe, Asia and Africa. Yet in democracy's heartlands, the developed liberal democracies of the west, there is malaise.

Dissatisfaction with governments' performance is widespread. Parliaments often look like antiquated, self-serving talking shops. Leaders struggle to acquire credibility. Political parties are losing members.

The media are often more effective in mobilising public opinion, for instance over Bosnia, than are political parties. Independent think-tanks and research groups often formulate more creative policies than parties or the civil service.

In [illegible] era of Internet, telephone phone-ins and spreading experiments with [illegible] democracy, the 19th-century procedures [illegible] parliament and the council chamber have become anachronistic. Liberal democracies are increasingly run by oligarchies [illegible] professional politicians, only loosely constrained by occasional elections.

The result is that the relationship between politicians and the people they represent has become tenuous. Most people can imagine forming a lasting relationship with the place they live in, the company they work for, friends and partners, and even products they regularly consume. But few people can imagine forming an engaged, active and trusting relationship with politicians.

This public disillusion could generate growing apathy. To restore public confidence that politicians are fit to lead society, politics will have to reform itself, by becoming more transparent and responsive.

Democracy changed in the past, most notably in the 19th century, with the extension of the franchise, the development of local government and the creation of political parties. It needs to change again, to give clearer control over the holders of political power to more people. A period of [illegible] is needed [illegible] develop the role of direct democracy as [illegible] counterpoint to [illegible] of decision-making.

Three moderate and specific measures to give citizens more direct say in politics would start to rejuvenate the established democracies:

- Voter Vetoes. Apart from Switzerland and a few US states, refer[illegible] are not used regularly to inform government [illegible] making. The referendum was widely discredited in Europe by its use in Nazi Germany. Politicians dislike referendums because they take decisions out of established hands.

A Voter Veto would overcome these objections. It would amount to an advisory referendum on legislation passed at a national or local level. Once laws were passed by parliament, for instance ratification of the Maastricht treaty, a referendum could be held if more than 2 per cent of the electorate signed a petition calling for [illegible] vote. The outcome would be purely advisory, but [illegible] act as [illegible] check on hasty [illegible] unpopular decisions. In the UK the debacle over the poll tax may [illegible] been [illegible] had [illegible] country employed such [illegible] simple democratic check on the power of the executive.

- Voter [illegible] The jury [illegible] public [illegible] as the centrepiece [illegible] a [illegible] justice system, [illegible] hundreds [illegible] thousands [illegible] give their time [illegible] make [illegible] work. The jury principle could [illegible] to politics.

At [illegible] national level two juries [illegible] 20 randomly selected [illegible] could [illegible] convened each [illegible] to deliberate upon [illegible] such [illegible] universal childcare should be [illegible] for [illegible] under-fives and how it [illegible] be paid for; [illegible] whether there should be a law of privacy against [illegible] intrusion. Their decisions would be advisory, but under [illegible] establishing the political jury [illegible] the government would [illegible] to [illegible] into [illegible] the findings. [illegible] a local [illegible] Voter Juries could advise councils on issues from planning [illegible] policing and housing.

- Voter [illegible] Governments should start experiments with local electronic democracy, so-called electronic town halls. Telecommunica[illegible] and [illegible] companies have launched a number of experiments with multimedia technology, to test the commercial prospects of using [illegible] to [illegible]vide [illegible] links between [illegible] and computers.

[illegible] will play an increasing role in politics everywhere. But at the moment the most likely beneficiaries are the rising band [illegible] commercial-populist politicians, such [illegible] Ross Perot in the US and Silvio [illegible] in Italy. To avoid multimedia being corralled by political [illegible] to promote themselves, there should be a matching public policy to [illegible] multimedia's potential for [illegible] decision-making.

[illegible] public policy to promote electronic democracy could usefully learn from the "[illegible] projects" in Oregon and Hawaii, in which [illegible] packages [illegible] information and argument [illegible] a televised [illegible] meeting, at which viewers could register [illegible] electronically.

From California to New Zealand, democratic experiments with the [illegible] communications technologies are under way. Europe should join the pack.

A fuller version of these arguments is [illegible] Adonis, [illegible] Mulgan and Charles Leadbeater in the current Demos Quarterly, from 9 Bridewell Place, London EC4V 6AP

OBSERVER

Yodelling at the moon

■ Craving another international organisation is understandable; going after two more may be thought a trifle greedy. Not only does Geneva want to play host to son of Gatt – the new World Tr[illegible] Organisation – now it wants to become [illegible] capital as well.

The Swiss parliament has voted SFr75m to transform the old seat of the League of Nations into a "House of the Environment". The Palais Wilson, on the shores of Lake Geneva, is intended to be home for the European arm of the United [illegible] Environment Programme – which has its headquarters in Nairobi – as well as a number of other environmental non-governmental organisations.

Behind the cash is the Swiss hope that the UN can be persuaded to keep in Geneva the secretariats dealing with biodiversity, climate change, desertification, toxic waste and endangered species. But it has a fight on its hands. Bonn is fighting tooth and nail to get the WTO.

Yesterday Switzerland upped the ante, saying as part of its WTO bid package it would allow Islamic diplomats – for all international bodies – to register two wives, against the current practice of permitting just the one.

Geneva's hopes of remaining a centre for international affairs have recently taken a bashing; it's lost the UN Commission for Sustainable Development and much of the Department of Humanitarian Affairs to New York. Perhaps it should content itself with the WTO and have done with it.

Knock-down prices

■ If in doubt, pick on the immigrant. Venezuela's large community of Portuguese immigrants is feeling the sharp end of a government drive against inflation and so-called "price speculators".

President Rafael Caldera's officials have raided enterprises large and small, including many owned by Portuguese immigrants. Among punishments meted out have been confiscations of goods, later sold at "popular" prices by the [illegible].

Oddly enough all this is taking place after [illegible] diplomatic love-in between President Caldera and Aníbal Antonio Cavaco, Portugal's prime minister – who paid an official visit to Venezuela in June. What can have passed between them?

Not yet licked

■ If you can't beat them, get them to join you. So must think Britain's Union of Communication Workers, which has hired Lowe Bell Political, part of Sir Tim Bell's public relations outfit, to lobby backbench Conservative MPs against the government's plans for partial privatisation of the Post Office.

'I'm go-getting and impartial'

Sir Tim built his reputation by working for the Tories. He helped the Coal Board beef up its PR campaign during the 1984 coalminers' strike. [illegible] should we forget his key role in all Baroness Thatcher's general election victories.

Thus who better, reasons the UCW, to persuade disgruntled Tory backbenchers of the need to keep the Post Office public? And Sir Tim's advice comes relatively cheaply too – an initial [illegible] contract costing "in excess" of £10,000 [illegible] month.

Watch closely who poses Post Office [illegible] in the Commons, after the summer recess . . .

Dog's breakfast

■ Collectors of bizarre acronyms may be tickled to learn that the Asean Regional Forum, a talking shop embracing south-east Asia, [illegible], China, Russia and [illegible] to discuss Asian security issues, will hold its first meeting in Bangkok on July 25. Asian diplomats working on the meeting are puzzled by their Australian counterparts making the noise "arf arf" on every conceivable occasion. Well, it *is* the year of the dog, after all.

Market forces

■ If Mohammed won't move to the mountain, then the mountain must shift instead. Dissatisfied with the number of business types willing to trek across London to [illegible] James's Square, the Royal Institute of International Affairs is next Monday heading east, to get nearer its putative corporate audience.

At the Bank of England's first "Chatham House in the City" meeting the speaker will be Celso Amorim, foreign minister of Brazil, [illegible] country the Institute sees as as an "emerging market". Admission is "by ticket only" and would-be participants were supposed to apply by July 4.

As of yesterday, however, the lecture was far from being [illegible] sell-out. Presumably because, as the old Brazilian adage has it: "Brazil is the land of the future – and always will be".

Democratic oafs

■ Sir Crispin Tickell, formerly Britain's UN ambassador and now head of Green College, Oxford, recently served up a current Russian epigram, gleaned from [illegible] dinner he attended at Westminster School.

Translated from their own Russian by two Westminster scholars, it goes like this:

The rise of Zhirinovsky goes to show
That evil's not confined to Uncle Joe;
And Russia learns the lesson, sad but true,
Democracy produces bastards, too.

Injector seat

■ There is good news and bad news. The good is that despite the swingeing cuts announced by Britain's defence minister Malcolm Rifkind yesterday, the Red Arrows, the internationally famous Royal Air Force aerobatics team, is to be left intact and soaring. The bad is that the Ministry of Defence is seeking sponsorship for the unit. Aeroflot is thought to be keen . . .

FINANCIAL TIMES

Friday July 15 1994

Challenge to Berlusconi government decree

Milan's anti-corruption magistrates team quits

By Robert Graham in Rome and Andrew Hill in Milan

The entire team [redacted] Milan magistrates largely responsible for bringing down the postwar political system in Italy through its corruption investigations resigned [redacted] night.

Their [redacted] was in protest at a decree introduced by the Berlusconi government on Wednesday cutting magistrates' [redacted] to *use preventive* [redacted] *during* their investigations.

The [redacted] represents [redacted] serious political and popular challenge to [redacted] two-month-old government on [redacted] which the [redacted] administration has sought to brush under the carpet.

Among [redacted] resigning [redacted] Mr [redacted] Di Pietro, [redacted] in opinion polls [redacted] one [redacted] lar figures in Italy. Mr Di Pietro *broke* [redacted] *original corruption* [redacted] in Milan [redacted] instrumental in bringing to justice [redacted] than 300 [redacted] politicians [redacted] charges of corruption and illegal financing [redacted] political parties.

It [redacted] *clear* [redacted] *night* whether the magistrates' [redacted] – which could [redacted] followed by similar resignations [redacted] country – was simply [redacted] to put pressure on the government [redacted] change its mind. But in [redacted] emotional [redacted] night Mr Di Pietro [redacted] and his colleagues had asked to be removed from all their current investigations because the government's [redacted] *undermined* [redacted] and [redacted] than 2½ [redacted] investigations.

The government's decree, with [redacted] was intended [redacted] prevent [redacted] in the [redacted] of imprisonment. This [redacted] widely used [redacted] a means of [redacted] force confessions, [redacted] government [redacted]

Because of [redacted] people named in [redacted] arrest warrants *yesterday* [redacted] *all* [redacted] to return [redacted] homes, where they [redacted] form [redacted] house [redacted] yesterday [redacted] the [redacted] Mr [redacted] Falck, chairman of Falck, Italy's biggest private steelmaker, and *Mr Giuseppe Tramontana, managing director of La Rinascente,* one [redacted] the country's leading retail chains, [redacted] the Milan magistrates deepened their investigation into [redacted] allegedly paid by big [redacted] anti-fraud police.

[redacted] for the president of the Italian accountants' federation, and executives from sectors as diverse as construction, pharma*ceuticals and funeral direction.* Neither Falck nor La Rinas[redacted] commented [redacted] the developments.

The Milan magistrates' inquiry – [redacted] latest in [redacted] two-year [redacted] corruption – centred [redacted] Italy's Guardia di [redacted] co-operating with magis[redacted] have alleged that large Italian companies systematically bribed [redacted] unit assigned [redacted] investi*gate potential* [redacted] by busi[redacted] with turnover [redacted] than L5bn [redacted] year. Police allegedly ignored accounting [redacted] and tax fraud after [redacted] ing [redacted]

'Excellent' foreign films to be screened soon in China

By Our Beijing Correspondent

China is to allow its cinemas to [redacted] foreign films and [redacted] share [redacted] profits with foreign producers but only about [redacted] "excellent" [redacted] movies [redacted] be accepted for screening [redacted] year.

Chinafilm, [redacted] monopoly film importer, said "an end [redacted] in sight to [redacted] 40-year-old tradition [redacted] buying [redacted] and low-grade but *cheap foreign movies*".

"We are negotiating with world-renowned [redacted] tions in the [redacted] and some other countries, with [redacted] we [redacted] no contact before," [redacted] Mr [redacted] Zengfu, of [redacted] He declined *to identify the companies or the* profit-sharing arrangements.

The official Xinhua [redacted] ser[redacted] the imports might include [redacted] winners and [redacted] films. Mr [redacted] said the films [redacted] would "reflect *world civilisation* [redacted] *modern* achievements in film and art techniques".

[redacted] said the sluggish film mar[redacted] one [redacted] for [redacted] reform. "The plan [redacted] aimed [redacted] expanding cultural exchanges, reviving the film market, meeting the audience's needs and developing [redacted] national film industry."

Until now, [redacted] and [redacted] have [redacted] clas[redacted] *as The Sound of* [redacted] and [redacted] *the Wind.* American soap operas such as [redacted] and [redacted] *the Beast* [redacted] on [redacted]

[redacted] were compelled to screen [redacted] propaganda *movies, particularly* [redacted] the [redacted] on dissent which culminated in the [redacted] Square massacre [redacted] 4 [redacted] This meant the country's 200,000 [redacted] were nearly always empty apart from young couples *using their free* [redacted] in [redacted] to have [redacted] in [redacted] dark.

In 1991, Li Ruihuan, [redacted] relatively liberal [redacted] leader [redacted] member of [redacted] Politburo's Standing Committee, reversed [redacted] *films with* [redacted] *pro*paganda value, giving cinema [redacted] hope [redacted] making [redacted] profit.

But China's film-makers still [redacted] battles with the censors and [redacted] at state-owned movie *studios.* [redacted] *hits* [redacted] *rare* [redacted] most cinemas lose [redacted]

[redacted] prefer to [redacted] at [redacted] and [redacted] locally [redacted] soaps or pirate [redacted] Most [redacted] are dubbed or produced in [redacted] and Hong [redacted] are *frequently lewd and* [redacted]

Beijing [redacted] this month that it would impose new censorship [redacted] imported films.

China slows economy but keeps *its eye out for unrest, Page 6*

UK to cut 18,000 jobs in defence shake-up

By Bruce Clark, Bernard Gray and James Blitz in London

[redacted] than [redacted] British [redacted] cut, Mr Malcom *Rifkind,* [redacted] UK [redacted] tary, [redacted] yesterday, but he [redacted] the blow by announcing [redacted] for new [redacted] worth about £5bn ($7.7bn).

His announcement, which drew [redacted] protest from opposition spokesmen and [redacted] unionists, marked [redacted] conclusion [redacted] eight-month study designed [redacted] from [redacted] annual [redacted] budget from [redacted]

[redacted] Rifkind told the [redacted] of Commons [redacted] cost-saving [redacted] would make [redacted] difference [redacted] strength and [redacted] saved [redacted] *upgrading* [redacted] *capacity.*

The [redacted] job [redacted] will [redacted] in [redacted] Royal Air [redacted] which will lose [redacted] personnel, while another 7,100 civilian jobs will [redacted]

To counterbalance the [redacted] job losses, [redacted] secretary [redacted] £2.4bn worth of [redacted] for hardware worth [redacted] similar amount.

"The [redacted] will [redacted] and [redacted] our fighting strength and help sustain [redacted] 10,000 jobs," Mr [redacted] "Our plans for the armed [redacted] the challenges we [redacted] likely [redacted] face," he said.

Mr David Clark, [redacted] opposition Labour party [redacted] spokesman, rejected the contention that fight*ing strength was unimpaired.* He [redacted] in [redacted] of [redacted] "today's short-term financial savings could [redacted] British lives".

The [redacted] go [redacted] in [redacted] forces with some 20 military and civil [redacted] of the *rank of major-general or above* being abolished.

At the Ministry [redacted] headquarters, a further 1,500 jobs are to go and two buildings are to close.

Many [redacted] *yesterday* [redacted] been [redacted] some [redacted] However, Mr Rifkind made a surprise [redacted] that in the light of [redacted] in the Gulf war, the UK would be ordering [redacted] Paveway 3 [redacted] from the US manufacturer Texas [redacted]

It [redacted] opening negotiations with the US government [redacted] buy the Tomahawk [redacted] missile. These so called "smart" munitions proved particularly effective in [redacted] Gulf.

Mr Rifkind [redacted] *announced* that a frigate and a submarine which [redacted] previously to [redacted] been mothballed would [redacted] in active service.

He [redacted] that [redacted] be strengthened by the [redacted] *joint service rapid* deployment force, including paratroopers, marines and [redacted]

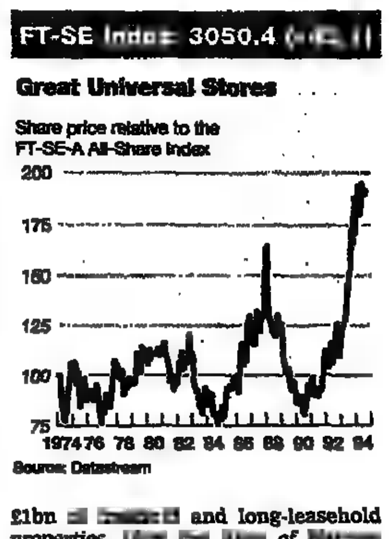
Details, Page 7
Editorial Comment, Page [redacted]

THE LEX COLUMN

Tesco's tasty titbit

By valuing William Low on a multiple of 5.6 [redacted] historic earnings and a yield of 6.2 per cent, it was clear [redacted] the market had given up hope for the [redacted] grocery chain. *Thankfully for* Low shareholders, [redacted] thinks otherwise. By annexing the 57-store chain to its empire, [redacted] will [redacted] market [redacted] in Scotland overnight. It [redacted] to make quick efficiency gains by knocking out Low's head office *and rationalising* [redacted] *distri*bution network. [redacted] could [redacted] by pushing [redacted] cheaper products through the [redacted] The [redacted] mies of scale are such that Tesco can offer [redacted] per [redacted] bid premium [redacted] still promise the [redacted] will enhance *earnings next year. The* [redacted] like [redacted] food retailing acquisitions of [redacted] performed this trick [redacted]

Indeed, [redacted] purchase [redacted] so much [redacted] that it [redacted] surprising if [redacted] logic [redacted] not appeal [redacted] J. [redacted] bury, in particular, [redacted] expanding [redacted] but [redacted] run into obstacles. Stricter planning rules have [redacted] to buy greenfield [redacted] competitors, such [redacted] Argyll, [redacted] *prices of* [redacted] plots to keep Sainsbury out. Buying a big chunk [redacted] in Scot[redacted] must appeal, given [redacted] northernmost distribution [redacted] outside [redacted] The possibility [redacted] Sainsbury launching [redacted] hostile bid [redacted] *it* [redacted] *certainly* [redacted] zling why Low's financial advisers, Baring Brothers, which conducted such [redacted] auction for [redacted] toy-maker Spear, [redacted] not try [redacted] Sainsbury into [redacted]



GUS

The sleeping giant [redacted] of the [redacted] tor [redacted] finally [redacted] woken up [redacted] year [redacted] it enfranchised its shareholders [redacted] it might return some [redacted] cash mountain to [redacted] judging by yesterday's annual figures, [redacted] least, GUS [redacted] turned [redacted] yawned and nodded off again. Expectations that [redacted] would launch a buy-back programme or special dividend were dashed and GUS's shares fell 4 per cent on the disappointment.

[redacted] a [redacted] seems myopic given [redacted] strength [redacted] performance. All [redacted] made good progress, with the mail [redacted] arm again shining through. But shareholders [redacted] salivating [redacted] could be [redacted] underutilised balance sheet, which boasts £1.5bn of cash and £1bn [redacted] and long-leasehold properties. [redacted] of [redacted] would [redacted] up from [redacted] a [redacted] scarcely [redacted] contemplation. GUS, though, [redacted] dull plodding which will frustrate [redacted] shareholders. Lower interest receipts [redacted] already *dampening* [redacted] *figures. Buying* [redacted] hardly [redacted] surplus [redacted]

That [redacted] GUS's conservatism [redacted] its merits, as [redacted] by 48 [redacted] of [redacted] pre-tax profits with [redacted] during [redacted] There [redacted] why [redacted] continue [redacted] same [redacted] making [redacted] the most reliable [redacted] investments. Indeed, [redacted] wondering [redacted] put [redacted] cash, gilts, property or equities should [redacted] further. In GUS, they [redacted] all four [redacted] one.

Rank Organisation

It [redacted] hard [redacted] why [redacted] a premium rating. The stock *has* strongly outperformed [redacted] past [redacted] One [redacted] a widely-held [redacted] the leisure group would benefit disproportionately from the economic recovery. Another was [redacted] that Rank would make [redacted] handsome profit from selling its [redacted] per cent investment in Rank [redacted] to [redacted]

Yesterday's [redacted] results provide little support for the first argument. Operating profits from the businesses Rank manages itself were only [redacted] per cent up on the same period of last year. Margins barely advanced. That hardly [redacted] profits [redacted] strong cyclical [redacted] Moreover, the longer-term outlook for these managed businesses is not especially rosy. The video duplication side, a star performer in these results, will gradually *decline as video-tapes are overtaken* by compact discs and electronic delivery of [redacted] The bingo business, where profits were flat in the half, appears to be suffering against the competition. Similarly, the holiday operations are stuck in a low-growth market, as Britons are increasingly travelling abroad for their holidays.

It is true that Rank Xerox was a bright spark, increasing its profit contribution before restructuring costs by 38 per cent. But [redacted] quick sale to Xerox does not look likely. For a start, the *US photocopier giant does not* [redacted] enough cash. Even if [redacted] did, [redacted] the profit from a sale would [redacted] gobbled up in capital gains tax.

UK electricity

The regulator's decision not to liberalise the wholesale electricity market will be regarded as a climb-down by large energy users. *Big industrial com*panies had been pressing for the right *to* buy electricity outside the pool and for changes to the bidding process by which pool prices are set. Offer has given them neither. Yet the regulator's overall conclusion that the costs [redacted] of tinkering [redacted] the [redacted] arrangements outweigh [redacted] likely ben[redacted] has [redacted]

Changing the system [redacted] marginal pricing – whereby all [redacted] receive [redacted] highest [redacted] required [redacted] demand – [redacted] not necessarily [redacted] *cheaper electricity.* At present small generators which have signed long-term gas supply contracts put in artificially low bids to be sure of constant business. Bidding practice would change if generators were held to their individual bids. These smaller generators would have *to guess* where to pitch their bids to be sure of winning business. National Power and PowerGen, which have more flexible plant and are almost always the marginal [redacted] would find such [redacted] easier [redacted] play. Their [redacted] power *might actually increase.*

The decision not to allow large users *to buy outside the pool is, on the sur*face, harder to defend. But Offer is right to worry about maintaining volume and transparency in the pool. Since the two large players have the advantage of a range of fully-depreciated generating capacity, they might anyway have picked up the best of the outside contracts.

Santer

Continued from [redacted] 1

consult with [redacted] of [redacted] main political groups in [redacted] European parliament. Some leading MEPs [redacted] expressed [redacted] over [redacted] selection procedure [redacted] the stature of the likely winner.

Mr Kohl scheduled [redacted] summit [redacted] that [redacted] could [redacted] planned next Wednesday [redacted] the Parliament, which [redacted] *right* [redacted] reject the [redacted] Commission as a whole.

Bonn seeks benefit change

Continued from Page 1

level of benefit, which Mr Waigel proposes to restrict.

The net borrowing requirement has been kept [redacted] this year's DM69bn, in [redacted] soaring [redacted] servicing costs, by assuming pri[redacted] *from* [redacted] Lufthansa, the national airline, [redacted] net DM1.5bn, [redacted] Rhine-Main-Danube canal company [redacted]

A further DM5bn will come from [redacted] the former East German central bank. A sec*ond way of keeping the 1995 bor*rowing requirement down [redacted] bring forward payments of the oil tax on big companies from Febru[redacted] 1996 to December 1995, topping up Mr Waigel's tax revenues by DM2.6bn.

The [redacted] *servicing* [redacted] government debt – which [redacted] Treuhand privatisation agency in [redacted] Germany [redacted] – *will rise* [redacted] per cent [redacted] [redacted]M92.6bn.

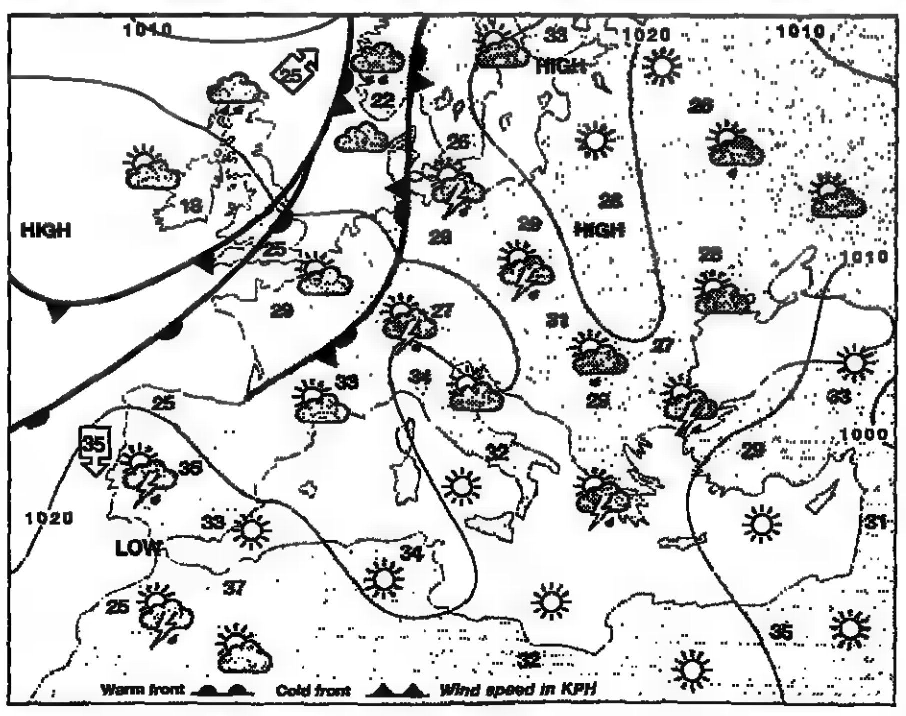
[redacted] WEATHER GUIDE

Europe today

There will be overcast skies and patchy rain over Wales, western and northern England and western Scotland, as well as outbreaks of rain in Norway. However, frequent sunny spells are expected [redacted] Sweden and Finland [redacted] temperatures will rise to well [redacted] *normal. The Benelux and western France* will experience [redacted] as drier air spreads over the region, but heavy thunderstorms are expected over Germany, Poland and the Alps. Thunderstorms are *also expected over the eastern Balkans, but* the western regions will be dry with frequent sunny spells. Italy and south-eastern Spain will enjoy prolonged sunshine, although conditions may be showery over Portugal [redacted] Spain.

Five-day forecast

Rain will spread east over Scandinavia. The British Isles will enjoy frequent sunny spells, although it will become rainy over northern Ireland and Scotland from Monday. *Scattered thundery showers will develop* over most of the continent. Only southern Spain and Portugal, Italy and Greece will continue sunny and dry. Temperatures will rise above normal.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

		Maximum
	[redacted]	
Abu Dhabi	fair	[redacted]
Accra	[redacted]	29
Algiers	sun	34
Amsterdam	[redacted]	23
Athens	sun	32
Atlanta	thund	32
B. Aires	[redacted]	[redacted]
B.ham	cloudy	22
[redacted]	cloudy	32
Barcelona	[redacted]	29
Beijing	fair	32
Belfast	[redacted]	[redacted]
[redacted]	fair	29
Berlin	thund	29
Bermuda	fair	32
Bogota	cloudy	[redacted]
[redacted]	[redacted]	29
[redacted]	[redacted]	[redacted]
Budapest	sun	31
C.hagen	[redacted]	26
[redacted]	[redacted]	35
Cape Town	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	sun	25
Chicago	fair	[redacted]
Cologne	fair	[redacted]
[redacted]	fair	[redacted]
[redacted]	sun	34
[redacted]	[redacted]	[redacted]
Dubai	sun	42
Dublin	fair	[redacted]
Dubrovnik	sun	30
Edinburgh	fair	20
Faro	fair	29
Frankfurt	shower	29
Geneva	shower	28
Gibraltar	fair	29
Glasgow	cloudy	19
Hamburg	fair	25
Helsinki	sun	29
Hong Kong	thund	31
Honolulu	fair	32
Istanbul	thund	27
Jakarta	fair	31
Jersey	fair	23
Karachi	cloudy	34
Kuwait	sun	45
L. Angeles	sun	23
Las Palmas	sun	26
Lima	fair	18
Lisbon	thund	26
London	fair	26
Lux.bourg	fair	26
Lyon	fair	31
Madeira	fair	24
Madrid	sun	35
[redacted]	sun	33
Malta	sun	32
Manchester	shower	20
Manila	cloudy	31
Melbourne	fair	16
Mexico City	fair	22
Miami	sun	31
[redacted]	sun	32
Montreal	shower	27
Moscow	sun	26
Munich	thund	27
Nairobi	cloudy	22
Naples	sun	32
Nassau	sun	32
New York	shower	28
Nice	sun	28
Nicosia	sun	33
Oslo	fair	27
Paris	fair	29
Perth	fair	17
Prague	thund	27
Rangoon	cloudy	27
Reykjavik	fair	12
Rio	sun	17
Rome	sun	32
S. Frsco	fair	22
Seoul	fair	34
Singapore	cloudy	32
Stockholm	sun	31
Strasbourg	thund	28
Sydney	sun	17
Tangier	sun	30
Tel Aviv	sun	31
Tokyo	fair	30
Toronto	fair	28
Vancouver	cloudy	23
Venice	sun	30
Vienna	thund	30
Warsaw	fair	29
Washington	thund	33
Wellington	fair	10
Winnipeg	shower	30
Zurich	thund	27

IN BRIEF

Market upheaval hits J.P. Morgan

Trading revenues at J.P. Morgan, the US bank, fell in the second quarter of the year, because of upheaval [illegible] world financial markets and US interest rate increases. Page 18

Sales boost for Schering
Schering, the Berlin-based pharmaceuticals group, said turnover in the first half of 1994 had risen [illegible] per cent and would be 12 per cent higher for the year as a whole, totalling DM4.6bn ($2.82bn). Meanwhile, Sandoz, the Swiss pharmaceuticals and chemicals company, reported [illegible] up 2 per cent to SFr8.22bn ($6bn) for the six months ended June. The figures suffered from the weak[illegible]ess of the US dollar and strength of the Swiss franc. Page 16

Dip for Banco Popular
In the face of falling interest rates and sluggish growth, Banco Popular, the big Spanish bank, reported first-half pre-tax profits of Pta44.1bn ($350m), a 4.6 per cent dip on the same period a year ago. Page 16

Unbroken run for GUS
Great Universal Stores, the UK mail order and financial services group, has extended its 46-year record of consistent growth with a 9.4 per cent increase in pre-tax profits to £518.9m ($788.7m). Page 16

Woolworth struggles in a changing market
With annual sales of nearly $10bn, Woolworth is one of the world's biggest and best-known retailers. But for years it has been struggling unsuccessfully to keep up with the pattern of retail change in the US and overseas. Page 18

Chinese group seeks foreign capital
China's Huaneng group, the country's largest power generating organisation, is seeking foreign capital abroad, with planned listings in New York of two of its subsidiaries. Page 19

Rank sees a return to growth
UK and US leisure spending has returned to growth, according to The Rank Organisation, the leisure company, boosting half-year profit before restructuring charges by 41 per cent to £127.9m ($194m). Page 21

Bob Payton dies in car crash
Mr Bob Payton, the 50-year-old founder of many of Britain's best-known US-style restaurants such as Chicago Rib Shack, Chicago Pizza Pie Factory and Henry J Beans, died in a car crash on Wednesday night. Page 21

Druck lifted to £5.4m
Druck Holdings, the UK manufacturer of electronic pressure measuring and control devices, saw pre-tax profits rise 14 per cent to £5.36m for the year to March 31, up from £4.69m. Page 22

Cut out of cuts
Aluminium producing countries taking part in the international agreement to cut global production have not been able to find a formula that would enable Brazil, the Gulf States and [illegible] to be included. Page 24

Companies in this issue

Market Statistics

Chief price changes yesterday

FRANKFURT (DM)				Kendall Intl	54¼	+	[illegible]
Rises				IBM	58⅞	+	[illegible]
Linotype	350	+	[illegible]	**Falls**			
Mobil/Tochell	195	+	[illegible]	[illegible]	23⅛	−	2
Falls				[illegible]	15⅛	−	[illegible]
[illegible]	454	−	11	**TOKYO (Yen)**			
Kaufhof	550	−	17	**Rises**			
Schmalbach Lub	359.5	−	8.5	Daikoku	693	+	[illegible]
Varta	225	−	12	[illegible] Cross	[illegible]	+	80
NEW YORK ($)				[illegible] Sewing	[illegible]	+	74
Rises				[illegible]	598	+	22
Chrysler	51¼	+	1⅛	Misawa	660	+	[illegible]
Comcast	43½	+	[illegible]	Renown	604	+	32

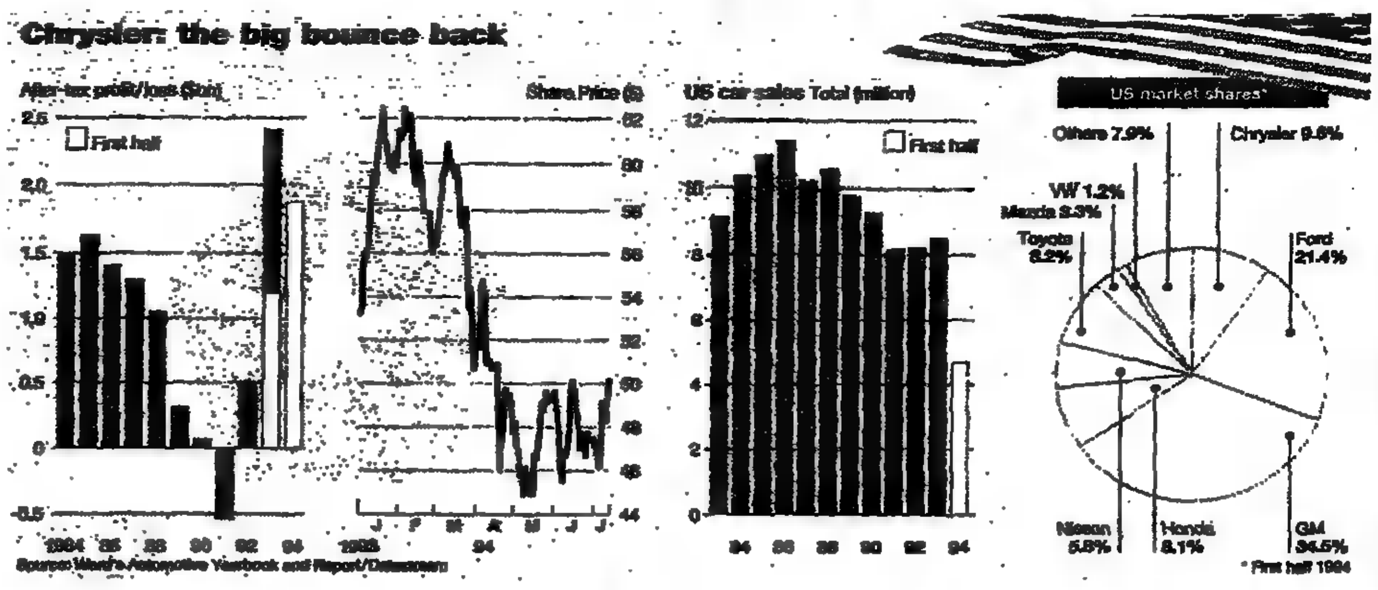
Paris closed. New York prices at 12:30.

LONDON (Pence)				TI Group	[illegible]	+	20
Rises				Taunton Cider	[illegible]	+	8
[illegible]	348	+	20	[illegible]	[illegible]	+	10½
Bass	553½	+	22½	**Falls**			
Brewin Dolphin	144	+	6	Auto Security	164	−	6
Cable & Wire	433	+	21	Barbour Index	198	−	16
Johnson Matthey	573	+	30	Eidos	320	−	30
Kalamazoo (A)	885	+	50	[illegible]	270	−	33
Low (Wm)	236	+	[illegible]	Leeds Group	269	−	[illegible]
Mosaic Invs	30	+	[illegible]	MR Data Mngmt	135	−	6
Pearson	625	+	[illegible]	Peel Hldgs	298	−	12
Portals	678	+	[illegible]	Sterling Publ	[illegible]	−	[illegible]
Rank Org	404½	+	[illegible]				
Sage	535	+	[illegible]				
Stanley Leisure	333	+	[illegible]				

US automobile manufacturer beats most forecasts with $956m net profits

Chrysler breaks quarterly record

By Patrick Harverson in New York



Chrysler yesterday provided the [illegible] evidence of the [illegible] recovery in the [illegible] industry [illegible] it [illegible] record net profits, of $956m, for the second consecutive quarter.

The results were at the top end of Wall Street forecasts and cheered investors who bid the group's stock up $1⅝ to $51⅞in early trading on the New York Stock Exchange. Later in the morning, the share price slid back to $50⅝, but was still up $⅝.

Chrysler's strong second quarter took the group's first half profits [illegible] $1.89bn, up from $1.21bn a year [illegible]. It [illegible] it [illegible] $956m, or $2.61 a share, in the second quarter, up from $685m, or $1.55 a share, a year ago. The results beat the previous record of $938m achieved in the first [illegible] of [illegible] year.

[illegible] and revenues jumped [illegible] per cent in the quarter to $26.3bn, thanks primarily [illegible] strong domestic demand for both [illegible] and trucks. Sales between April [illegible] units, up from 625,295 in the previous three months.

Chrysler is the first of Detroit's Big Three automobile manufacturers to report its second quarter [illegible]. Industry analysts expect Ford and General Motors to post similarly strong earnings growth. They point to rising sales in the healthy [illegible] American market and the recovering European market. Car makers are also benefiting from cost-cutting measures.

The share prices of both Ford and GM also rose yesterday.

The impact of Chrysler's cost-reduction efforts is evident in the improvement over the past year in the group's measure of profit-per-vehicle, [illegible] jumped from $810 in the second quarter of 1993 to $1,300 this time.

The domestic market has been so strong that Chrysler has struggled to meet demand for its most popular vehicles. Ford and GM have also been stretched in supplying dealers.

Mr [illegible] Eaton, Chrysler's chairman, [illegible] yesterday [illegible] "carefully adding increased capacity" over the next [illegible] rising [illegible].

The group's share of the [illegible] American car and truck market was 15.4 [illegible] cent, unchanged from a year ago, and slightly down from 15.7 per cent in the first quarter.

Chrysler Financial, the group's financial services arm, reported second quarter net earnings of $44m, unchanged from a year ago. The group also announced yesterday it had contributed another [illegible] to [illegible] pension fund, and was on target to wipe out its unfunded pension liability – for long a restraint on its stock and credit rating – by the end of this year.

Macy's gives in to $4bn merger

By Richard Tomkins in New York

Bloomingdale's [illegible] Macy's, two of the best-known [illegible] in US retailing, [illegible] to [illegible] brought together in a $4.1bn deal that will [illegible] the biggest department store group in [illegible] US.

The board of R. H. Macy, owner [illegible] the Macy's chain, announced it had given way to six months of courtship by Federated Department [illegible], owner [illegible] Bloomingdale's chain, and agreed [illegible] a merger.

The combined company will [illegible] more than 300 department stores across the US, though it is likely that a small number will [illegible] where they overlap. [illegible] annual revenues will exceed $13bn.

R. H. Macy has been operating under Chapter 11 bankruptcy protection since January 1992. Until recently it had hoped to submit a plan for a reorganisation that would bring it out of bankruptcy under [illegible] existing management.

In January, however, Federated made an unusual takeover bid for R. H. Macy by acquiring $449m worth of its highest-ranking debt from one of its creditors, so giving it a powerful say in the company's future.

Since then R. H. Macy has been trying to convince creditors that they would be better served by a plan that ensured the company's independence.

The argument, however, has been won by Federated, which offered creditors a $4.1bn package comprising $378.3m in cash, [illegible].9bn in debt, and $1.8bn of equity in the new Federated/R. H. Macy entity.

Subject to their boards' approval of a merger, the [illegible] companies will now submit a reorganisation plan [illegible] the US bankruptcy court by August 1.

As the plan is supported by all [illegible] creditors, including the *bondholders' committee*, approval is unlikely to be withheld. The companies hope the merger will be completed next January.

The new entity will be headed by Mr [illegible] Questrom, [illegible]ated's chairman and chief executive, but he will be joined on the board by four R. H. Macy directors, including Mr Myron Ullman, chairman and [illegible].

The [illegible] companies' [illegible] chains will continue to operate under their existing names, but [illegible] individual stores may change their identity. Federated owns several chains including Abraham & Straus, Rich's and [illegible].

Olivetti agrees to sell Triumph-Adler arm

By Andrew Hill in Milan and Michael Lindemann in Bonn

Olivetti, the Italian computers group, has agreed to sell the financial holding company of its Triumph-Adler office products subsidiary in Germany to a [illegible] of German banks and investors for an unspecified sum.

However, the Italian group is retaining ownership of [illegible] Vertriebs, which is responsible for research, development and [illegible] Triumph-Adler's range of typewriters and office equipment in Germany and elsewhere.

Olivetti stressed yesterday that it would retain control of the Triumph-Adler brand name, and has increased the equity capital of TAV to DM100m ($61m) to stimulate its activities.

Talks on the sale have been going on [illegible] the end of last year, and the deal should be formally confirmed [illegible] a Triumph-Adler shareholder meeting in August.

IMM, the consortium buying Triumph-Adler, said it would continue to manufacture typewriters from the company's Frankfurt factory, and had agreed a long-term contract for production and distribution with TAV.

The consortium also plans to reorganise Triumph-Adler's activities into selected new areas, to develop the group into a "diversified holding company for medium-sized companies in stable market".

Both Triumph-Adler and TAV, which have suffered losses in the past few years, are expected to record profits for 1994.

Triumph-Adler, one of the best-known German names in typewriters and office equipment, has shrunk beyond recognition over the past two decades, lurching from one bout of restructuring to the next.

The company's typewriters were market leaders in the 1970s, then owned by Litton Industries, the US group. But the company was left standing as technological change overtook its core products.

In the mid-1980s the company was [illegible] by German automotive group Volkswagen, employed around 7,000 [illegible] and had [illegible] of more than DM1bn. Now it employs just 620 staff and lost DM70m in 1993 on sales of DM300m.

[illegible] took over the Nuremberg-based company in 1986 but attempts to launch a Triumph-Adler computer came to nothing.

[illegible] traditional typewriters business continued to lose out to competition in the US, which once accounted for a [illegible] of total sales.

Bank rules to reflect new derivatives risks

By Norma Cohen, Investments Correspondent

The [illegible] Committee [illegible] Banking Supervision yesterday proposed new rules for banks which will require them to hold far more capital against increasingly complex derivative instruments.

"The [Basle] committee's review indicated that the current approach may produce insufficient capital for certain kinds of instruments," the [illegible] for International [illegible].

It noted that current capital requirements were designed for traditional interest and currency swaps rather than the commodity and equity derivatives [illegible] are rapidly growing segments of the market".

The proposals also suggest that more capital should be required for longer-term derivative positions which can cause hefty losses for banks in volatile market conditions.

The [illegible] Committee, a [illegible] of the BIS, said it was seeking comments on the proposals by October 10 and hoped to implement them by mid-1995.

However, the higher capital requirement will be offset by an amendment to the Capital Accord of 1988. This will sharply reduce the amount of capital banks have to hold for off-balance sheet transactions which can be "netted" with a single counterparty.

According to the Bank of England, this rule could reduce the capital requirement of a "typical" bank portfolio of interest rate and currency swaps by 25 to 40 per [illegible].

The Capital Accord of 1988 [illegible] out international standards for banks aimed at insuring they have enough capital to withstand risks.

The new netting [illegible], which had been proposed last year, will force banks to set aside capital only for the "net" [illegible], that is, the difference between the value of all the [illegible] with a single counterparty.

The arrangements will only help banks in countries, such as Britain and the US, whose bankruptcy laws recognise netting.

Thus, banks [illegible] may have several offsetting transactions with each other – such as a series of interest rate or cur[illegible] – will only need to have enough capital for a small portion of the total value.

However, the Bank of England said yesterday that UK and other EU banks will not be allowed to take advantage of the new rule until it becomes part of an EU Capital Adequacy Directive next year.

J. Sainsbury considers whether to join the bidding

Tesco launches £200m offer for Scottish stores

By Andrew Bolger in London

Tesco, the UK's second largest supermarket chain, yesterday made a recommended offer for William Low, the Scottish retail [illegible] in a deal worth [illegible] ($304m).

But J. Sainsbury, Tesco's big[illegible] rival, signalled that it [illegible] also considering its options, raising the prospect of a takeover battle [illegible] the Scottish chain.

Tesco is offering £154m in cash for the share capital of Wm Low and would assume debt of just over £50m. The deal was unanimously recommended by the Wm Low board.

Sainsbury's entered the picture when it told Reuters: "Wm Low is something we have looked at before. It is an obvious candidate for takeover and [illegible] some time. [illegible] have looked at in the past and as a result of this morning's takeover news we are reviewing the situation."

Analysts said it would be out [illegible] character [illegible] Sainsbury's [illegible] involved in a hostile takeover battle.

Sainsbury's has only four outlets north of the border – three supermarkets and one hypermarket. Tesco said its 16 Scottish stores would be a good strategic fit with Wm Low's 45 outlets in Scotland and 12 in the north of England.

Tesco said there would be few, if any, immediate closures of Wm Low stores. [illegible] it would be necessary to integrate the management and support services provided by just over [illegible] people working at the company's Dun[illegible] head office [illegible] administration. "Accordingly, there may be a significant number of job losses if the head office were to close," Tesco said. Most of the other 9,000 jobs in the group look secure.

Sir Ian MacLaurin, the Scot [illegible] chairs Tesco, said the Wm [illegible] renamed Tesco, but an effort would be made [illegible] develop a distinctive [illegible] identity – perhaps using a Tesco Scotland brand.

Colin Beere

Tesco's Sir Ian MacLaurin (left) and Mr James Millar, of Wm Low

Tesco said [illegible] would spend £35m [illegible] rebranding [illegible] Wm Low stores and introducing its own-label products. [illegible] said Tesco's prices were on average 5 per cent lower than Wm Low's.

Tesco is offering 225p in cash for each Wm Low ordinary share [illegible] 105.5p for each convertible preference share. There is a full share alternative, worth 236p per ordinary share [illegible] night's close. Wm Low's shares rose by 67p to 236p, while Tesco's shares closed 10½p higher at 232½p.

Scotland has become one of the [illegible]ly contested battlegrounds in [illegible] raging through the UK food retailing sector. It has been targeted both by aggressive discount retailers, wooing canny consumers, and [illegible] larger UK supermarket groups such as Sainsbury's and [illegible], both of which have relatively small market shares north of the border.

This competitive crossfire was cited yesterday by Mr James Millar, when the 63-year-old chairman of Wm Low explained why his board was recommending that the group – which he joined 35 years ago – should accept Tesco's bid.

Mr [illegible]ar said the group had prospe[illegible] during the [illegible], buoyed by the growth of the Scottish economy and the retail sector. But recent price deflation, and continuing pressure on margins and sales, had exposed the group's small size – and [illegible] quent inability to benefit [illegible] the economies of scale enjoyed by its larger competitors.

The combined group would have 13.7 per cent of the [illegible] market – second only to Argyll Group, which owns the Safeway and Presto stores.

Lex, Page [illegible]

Strong yen lifts first-half turnover 16% at Schering

By Michael Lindemann in Bonn

Schering, [illegible] Berlin-based pharmaceuticals group, said turnover in the first half of 1994 had [illegible] 16 [illegible] period [illegible] and would be 12 per [illegible] higher for [illegible] year as [illegible] whole, totalling [illegible]

However, Mr Giuseppe Vita, [illegible] executive, warned that the [illegible] would have [illegible] double its present [illegible] per [illegible] profit margin over the [illegible] five [illegible] it [illegible] to keep abreast [illegible] its US competitors.

The improved turnover [illegible] partly [illegible] strong [illegible] mainly reflected better [illegible] range [illegible] pharmaceutical products, including [illegible] ceptive pills and [illegible] the first effective treatment for multiple [illegible]

The company, which [illegible] exclusively [illegible] pharmaceuticals following the [illegible] of its agrochemicals division, gave [illegible] about profits [illegible] far this year. Full results for the first [illegible] months would be released [illegible] beginning [illegible] August, [illegible] company said.

The group said earlier this [illegible] first-quarter earnings had risen [illegible] per cent to DM124m and [illegible] that earnings [illegible] the year would [illegible] time's DM254m, 3 per [illegible] down on the [illegible]

In the first [illegible] months of 1993, turn[illegible] had [illegible] by 21 per [illegible] over [illegible] but the [illegible] this jump [illegible] relative [illegible] in [illegible] period in [illegible] health [illegible] in Germany had [illegible]

Continued uncertainty about [illegible] reforms in various countries, including [illegible] US, [illegible] put [illegible] on pharmaceuticals producers, but 1994 [illegible] of [illegible] would [illegible] the DM300m already forecast, [illegible]

Schering's turnover totalled DM5.36bn [illegible] but [illegible] included [illegible] agrochemicals division, which [illegible] put [illegible] a 40/60 joint [illegible] Hoechst, [illegible] German chemi[illegible] group, [illegible] beginning [illegible] this year. The improved [illegible] turnover [illegible] is [illegible] solely on [illegible] of pharmaceutical products.

KWELM claims could climb

By Richard Lapper in London

Claims [illegible] the insurance [illegible] of London United Investments, [illegible] financial conglomerate which crashed [illegible] years [illegible] could climb [illegible] $10.8bn, according [illegible] the companies' [illegible]

[illegible] liabilities [illegible] by [illegible] subsidiaries – [illegible] the KWELM companies – [illegible] compared with $4.7bn a [illegible]

An [illegible] – a so-called "special margin" – has also been [illegible] by [illegible] $4.6bn. The insolvency of the KWELM companies [illegible] regarded as [illegible] biggest in [illegible] history of [illegible] industry.

[illegible] companies underwrote relatively high risk liability business, specialising in the insurance of North American companies and professionals against legal [illegible] Most of [illegible] business [illegible] written through [illegible] (Underwriting) Agencies [illegible] 1972 and [illegible]

Mr Chris Hughes [illegible] Ian Bond, of Coopers [illegible] Lybrand, [illegible] the insolvency scheme, [illegible] "recent developments in [illegible] liability market" [illegible] responsible for the higher losses.

The companies had been hit by legal [illegible] against [illegible] implants and against accountants, as [illegible] as by [illegible] pollution-related [illegible]

Despite [illegible] ties, [illegible] expect eventually to [illegible] dollar of claims, [illegible] payout [illegible] they [illegible]

"We have [illegible] more [illegible] than [illegible] forecast [illegible] year, reflecting good [illegible] reinsurers."

The [illegible] a [illegible] payment [illegible] creditors. Payments will [illegible] by September [illegible]

Claimants [illegible] policies [illegible] by Kingscroft Insurance and El [illegible] will receive 8 [illegible] Lime [illegible] will receive 9 cents, on [illegible] on [illegible]

[illegible] payments will [illegible] 10 to 20-year period.

Greece to privatise parts of DEP units

Greece [illegible] to privatise [illegible] minority stake in [illegible] belonging [illegible] the state-owned Public Petroleum Corporation (DEP), Reuter reports from Athens.

"The government has decided to float [illegible] minority [illegible] in subsidiaries of DEP via [illegible] stock exchange without transferring strategic [illegible] to private individuals," said Mr Andreas Papandreou, prime minister.

Earlier this year Mr Manolis Daskalakis, DEP's managing director, said between 20 and 25 per cent of EKO refinery and Hellenic Aspropyrgos Refinery (ELDA) would be floated on stock markets in Greece and abroad, including [illegible] York.

[illegible] part-sales, which [illegible] also include [illegible] unspecified [illegible]centage [illegible] DEP itself, would [illegible] early [illegible] Mr Daskalakis [illegible] DEP's 1993 pre-tax profits [illegible] Dr25.1bn [illegible] and [illegible] is expected [illegible] top Dr30bn this year.

Greece's socialist government, which came [illegible] power [illegible] October, [illegible] said it is willing [illegible] minority stakes in state companies but will retain management of the enterprises.

A 25 [illegible] cent [illegible] in [illegible] is scheduled [illegible] be floated [illegible] to the [illegible]

Shares slide despite rise at Great Universal

By David Wighton in London

Great Universal Stores, the UK mail order [illegible] financial services group, has extended its 46-year record [illegible] growth [illegible] a [illegible] increase in pre-tax profits, to [illegible] ($814.1m) [illegible] the year to March.

The shares, however, slipped 25p to 562p on the announcement that the company had no plans to spend its £1.46bn cash pile.

Since the company enfranchised its "A" shares last year, there has been speculation it [illegible] buy in some [illegible] its [illegible] pay [illegible] special dividend.

Mr [illegible] Pugh, deputy chairman, [illegible] buy-in [illegible] review", but [illegible] had [illegible] "fully explored". He [illegible] the group [illegible] potential acquisitions, [illegible] were asking [illegible] much [illegible] goodwill.

Dividends [illegible] being increased by [illegible] per cent to 13p, with a final of 9p, but cover remains above 2½ times with earnings per share up 9 per cent at 34.3p.

Last year, strong growth in operating profits offset the fall in returns from the cash holding, which was due to lower interest rates. Operating profits rose 17 [illegible] to £414m, [illegible] would [illegible] higher [illegible] exchange [illegible] but [illegible] that [illegible] interest receivable fell to [illegible] from £117.2m.

Mr Pugh said the improving trend had continued into this year, with sales and pre-tax profits in the first two months "somewhat ahead" of the comparable period. However, the company cautioned that consumer [illegible] remained "selective".

All [illegible] group's trading [illegible] in higher profits [illegible] with [illegible] home shop[illegible] contribution up 21 per cent [illegible] £194.2m, on turnover [illegible] cent [illegible] £1.95bn. The finance businesses [illegible] in £67.3m, against £53.3m, at the operating level. [illegible] from Burberrys and Scotch House jumped 44 per cent on [illegible] £200.9m [illegible] £170.6m.

Lex [illegible] 14

BT investors critical of executives

By Norma Cohen and Andrew [illegible] in [illegible]

A stockbroker's [illegible] shown that some of British Telecommunications' largest [illegible] critical [illegible] company's top three [illegible]

[illegible] survey was conducted over [illegible] through Cazenove, [illegible] broker, [illegible] promised anonymity.

Yesterday [illegible] confirmed that "structured interviews" [illegible] taken place with 15 [illegible] largest institutional investors. "Some of the [illegible] were good, some indifferent, [illegible] some could be [illegible] as giving [illegible] for concern," the [illegible] It added, however, [illegible] it [illegible] confident [illegible] was no criticism [illegible] individuals.

Shareholders, meanwhile, [illegible] privately they [illegible] been lukewarm, [illegible] best, [illegible] the [illegible] The [illegible] are [illegible] Iain Vallance, chairman and chief executive; Mr Michael Hepher, managing director; and Mr Robert Brace, finance [illegible]

"We told them we viewed Sir Iain [illegible] figurehead, and we are not really too sure about exactly [illegible] running the company," said one shareholder.

Another said that while they thought Sir Iain was doing a [illegible] job [illegible] difficult circumstances, they could [illegible] comment on the other [illegible] they [illegible] unsure [illegible] exactly [illegible] they did.

[illegible] questions [illegible] senior executives, shareholders were quizzed on six critical [illegible] of [illegible] business: profits, dividends, regulation, competition, cable and over[illegible]

According to company [illegible] interviews were [illegible] partly by [illegible] at [illegible] steep fall in [illegible] share price [illegible] first [illegible] and [illegible] that City confidence in the company required boosting. [illegible] price [illegible] by nearly [illegible] quarter between February 1 and July 1.

BT [illegible] it [illegible] the company's first such approach to its large shareholders. How[illegible] it declined to disclose the results [illegible] whether the survey had [illegible] authorised by [illegible] board.

The shareholders said they were surprised by the survey. They [illegible] company of BT's [illegible] would usually [illegible] an [illegible] relations professional to conduct face-to-face interviews if it became concerned about about how it was perceived in the City [illegible] London.

"It's a very [illegible] of conducting your [illegible] tions," [illegible] leading investor, noting [illegible] in [illegible] BT [illegible] from its largest investors.

Fresh Creditanstalt bid likely

By Eric Frey in Vienna

[illegible] German insurance group Allianz is considering a bid for a majority stake in Creditanstalt, the Austrian bank, according to an Austrian newspaper report.

Citing unnamed sources, the Vienna newspaper Standard said a delegation of Allianz officials would meet Austrian finance ministry officials today [illegible] Vienna for exploratory talks. A spokesman for [illegible] to [illegible] on the report, citing German insider trading laws.

An [illegible] by [illegible] twist to [illegible] over Austria's second largest bank, which is already being sought by [illegible] Holding, [illegible] banking group, and [illegible] Commerzbank of Germany, Italian insurer Generali and various Austrian [illegible]

The government, [illegible] owns [illegible] stalt equity and 70 per cent of its voting stock, wants to sell part of its holding before the end of the year.

At current stock market prices, the government's stake in Creditanstalt is worth about Sch14bn ($1.3bn).

Austria's finance minister Mr Ferdinand Lacina, a social democrat, is known to favour the CS Holding bid because it would make Creditanstalt part of a strong international bank[illegible]

CS Holding, [illegible] around [illegible] Creditanstalt's independence [illegible] accepted.

However, [illegible] prospect of a large [illegible] bank becoming [illegible] subsidiary [illegible] bank [illegible] strong national opposition [illegible]

[illegible] People's party, [illegible] junior coalition partner, favours the Austrian/Italian/German con[illegible]

In these circumstances, a bid by [illegible] could [illegible] seen as the best solution for both sides and therefore an acceptable compromise. It would be Allianz's first move into banking.

Mr Lacina has postponed his decision until after the parliamentary elections in October, and has asked outside experts to evaluate the various offers in the meantime.

Sandoz shows 'solid' growth

By Paul Abrahams

Sandoz, the Swiss pharmaceuticals [illegible] company, yesterday reported first-half sales up 2 per cent to SFr8.22bn ($6bn).

The figures suffered from the weakness of the US dollar and strength of the Swiss franc. In local currencies, growth was described by the company as "solid" at 8 per cent. The turnover was at the low end of expectations, although Sandoz registered shares increased SFr11 to SFr659.

[illegible] profits figures [illegible] closed. [illegible] trading figures will [illegible] of August.

[illegible] pharmaceuticals division fell 1 per [illegible] SFr3.59bn. In local currency they increased [illegible] per [illegible] if [illegible] by Biochemie, a wholly-owned subsidiary, were excluded. [illegible] sold a Spanish [illegible] plant [illegible] Santa Perpetua de [illegible] Gist [illegible] in July [illegible]

The nutrition division reported sales up 29 per cent to SFr1.15bn, an increase of 38 per [illegible] in local currencies. [illegible] the strong [illegible] mostly [illegible] acquisitions. [illegible] Gerber Products, [illegible] US baby-food [illegible] is buying for $3.7bn, were [illegible] included.

The chemicals operations reported [illegible] from SFr1.31bn to SFr1.21bn, a fall [illegible] in [illegible] currencies. Excluding the divestment of Alphen, [illegible] plastics [illegible] sold [illegible] Schenectady International [illegible] in December, [illegible] 1 per cent.

Steady first half at Banco Popular

By Tom Burns in Madrid

[illegible] Popular, the [illegible] bank majority-owned by foreign institutions, [illegible] turned [illegible] performance for [illegible] half [illegible]

Pre-tax profits [illegible] Pta44.1bn ($350m), a 4.6 [illegible] dip on the same period a [illegible] tax, net [illegible] 1.9 per [illegible] higher at [illegible]

Net interest revenue fell [illegible] per [illegible] to Pta79.8bn, reflecting the sharp drop in [illegible] the [illegible] six-month periods and [illegible] resulting [illegible] margins.

The [illegible] fall [illegible] than [illegible] analysts had pre[illegible] and suggested [illegible] bility [illegible] buoyant results in [illegible] half of [illegible]

Popular's balance sheet strength was underlined by total [illegible] end-June, 6.1 per [illegible] and 4.7 per [illegible] up on [illegible]

Popular's [illegible] and discounts portfolio [illegible] by [illegible] in [illegible] half [illegible] by 7.2 per cent over the past 12 months. [illegible] ratio of non-performing loans [illegible] total [illegible] to 2.79 per cent, down from [illegible] per cent [illegible] end-March [illegible] at end-December.

Popular [illegible] the first of [illegible] big Spanish [illegible] to report interim figures and its performance [illegible] to [illegible] strong [illegible] for the [illegible] season.

Further slide in trading revenues at JP Morgan

By Richard Waters in New York

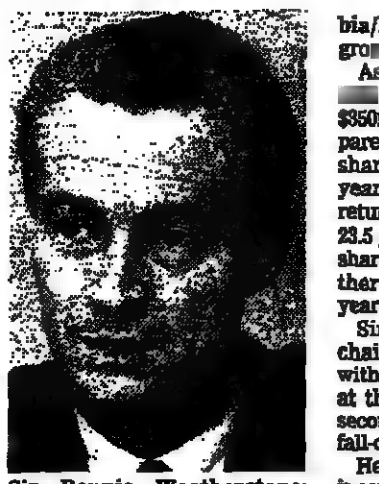
The upheaval in world financial markets touched off by a series of US interest rate increases in recent months led to a further fall in trading revenues at J.P. Morgan, the US bank, in the second quarter of the year.

The [redacted] earnings from trading dropped to [redacted] in the three months [redacted] June, [redacted] than half the [redacted] quarterly income of $514m [redacted] in [redacted] record [redacted]

The bank [redacted] it had not suffered any significant losses [redacted] particular markets, but had seen "modest positioning losses" in some fixed income, foreign exchange and [redacted] markets.

The [redacted] income [redacted] also reflected [redacted] reduce its [redacted] time [redacted] market turmoil, the bank [redacted]

The lower trading income, which compared with $620m in [redacted] quarter [redacted] was the main factor behind a fall in non-interest [redacted] to $926m, from $1.1bn in the [redacted] period [redacted]



Sir Dennis Weatherstone: bank's exposure [redacted]

Net interest revenue rose by 27 per cent to $540m, due mainly to the receipt of $35m of past due interest on Brazilian bonds together with $50m [redacted] interest on income [redacted] refunds.

After-tax profits [redacted] bolstered, though, by a $225m gain from the previously announced sale of part of the [redacted] in Columbia/HCA, the US hospital gro[redacted]

As a result, J.P. Morgan was [redacted] report net income of $350m, or $1.73 [redacted] share, compared with $431m, or $2.12 a share, in the same period a year earlier. The annualised return on equity slipped from 23.5 per cent to 14.8 per cent, as shareholders' funds grew further to $9.7bn, from $8bn a year before.

Sir Dennis Weatherstone, chairman, said that trading with customers had remained at the high level of last year's second quarter, in spite of the fall-off in trading income.

He pointed to advances in income from investment management and operational services, as well as gains from equity sales, as an indication of the bank's efforts to diversify its earnings.

For the first six months of the year, net income was $695m, or $3.43 a share, down from $726m, or $3.59 a share, in the first half last year.

In early trading yesterday, J.P. Morgan's shares had fallen $⅞ to $60⅞ on mild disappointment at the results.

Canadians buy into Peru power

By Sally Bowen in Lima

Ontario Hydro, the world's fourth-largest power company, is making its first incursion into Latin America.

In [redacted] Chilquinta, a Chilean electricity company, it has bought a 60 per cent stake in Edelsur, one of Peru's formerly state-owned electricity businesses. Edelsur covers the southern half of the capital, Lima.

The consortium, known as Ontario Quinta, bid more than $212m for a controlling stake.

The northern sector, Edelnor, was sold for $176.5m to a Peruvian-Chilean-Spanish consortium. The principal partners are Spain's Endesa, and Enersis and Chilectra of Chile.

Perelec, a third consortium made up of Electricité de France and SAUR, both of France, Houston Industries of the US and Peru's Banco [redacted] investment arm, bid only [redacted] Edelsur, but their offer [redacted] $75m [redacted]

[redacted] generation and [redacted] company, Electroperu, will [redacted] sold.

Woolworth counts cost of change

Diversification has not been [redacted] success, reports Richard Tomkins

Frank [redacted] Woolworth, [redacted] boy from upstate New York who founded the Woolworth empire in 1879, was known as a brilliant retailing entrepreneur. His skills are badly missed at the company that bears his name today.

With annual sales of nearly $10bn, Woolworth still ranks as one of the world's biggest and [redacted] retailers. For years, however, it has been struggling unsuccessfully to keep up with retail change in the US and overseas.

On Wednesday, the company was forced to acknowledge the extent of its financial difficulties by slashing its quarterly dividend from 29 cents a share to 15 cents, the lowest level since 1987.

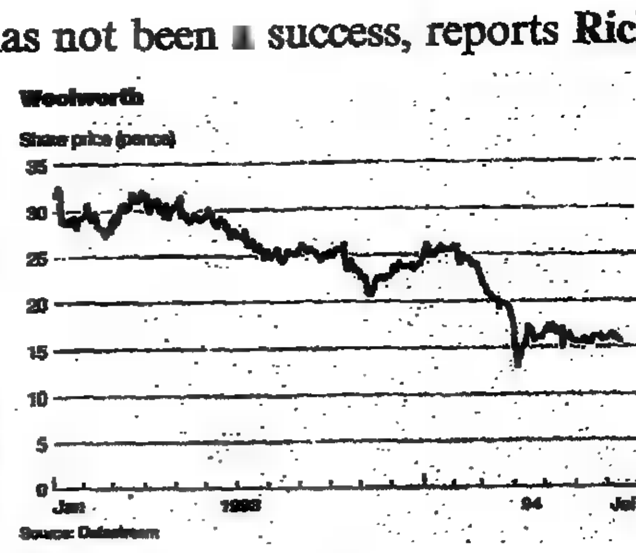
This was just the latest, however, in a series of troubles afflicting the company.

● Last year Woolworth undertook a huge restructure in an attempt to bolster its flagging performance. It closed 970 stores across North America, including half its traditional general merchandise stores and a third of its Kinney shoe stores, at a cost of $726m before tax.

● Even ignoring the restructuring charges, operating profits slumped from $574m the previous year to just $73m in 1993. The company blamed disappointing sales and the need for heavy markdowns to clear goods. It reported net losses for the year of $495m compared with net profits of $280m the previous year.

● The poor performance has continued into the current year: first-quarter losses worsened from a restated $24m net loss last year to $38m, dashing hopes that the restructuring alone would be enough to bring profitable growth.

● Once a bastion of US corporate respectability, Woolworth astonished Wall Street and the



US [redacted] community two [redacted] employees [redacted] fiddled [redacted] previous year's quarterly results to make losses look like profits.

● An investigation into [redacted] deceit failed to attribute blame, [redacted] in [redacted] resignation [redacted] Mr [redacted] Young, [redacted] financial officer, [redacted] to vice-chairman [redacted] Mr William Lavin, previously chairman. Mr Lavin [redacted] executive.

● Last month Standard & Poor's, the credit rating agency, downgraded Woolworth's [redacted] A [redacted] B [redacted] negative outlook, citing weakness in the company's general merchandise and Kinney shoe store operations, and concerns about continued reliance on Kinney's Foot Locker as the main driver of profitability.

The root cause of Woolworth's problems lies in its failure to find a winning formula to replace the five-and-dime variety store concept on which it was founded.

The format has been in decline for 30 years amid a trend towards more specialised retailing, though the pace of decline has varied from country to country.

As long ago as the 1960s, Woolworth saw the way things were going, and adopted the policy still in place today: using the cashflow from the mature general merchandise store operations to finance an expansion into specialty retailing. It was one of the first big retailers to enter the discount store business with its Woolco chain, and it bought the Kinney shoe store operation in 1965.

Woolco, however, was not a success. Woolworth built up big debts to support its expansion but it was in too competitive a market, and the US chain was closed in 1982. At the same time, Woolworth sold its British general merchandise store chain to help fund its expansion into niche retailing formats.

In the years since, the specialty retailing operations have mushroomed. Today, Woolworth owns more than 7,400 specialty stores operating under 40 different names in North America, Europe, Australasia and Asia. They include the Foot Locker sports shoe stores, the Silk & Satin lingerie stores, the Northern Reflections women's casual wear stores, and the After Thoughts handbag and accessory stores.

The result is that Woolworth, best known for its variety stores, is now the world's biggest specialty retailer.

However, as with Woolco, the diversification has not proved a financial success. The only specialty retailer to have made a significant profit over the years is Kinney Shoe, the subsidiary that runs the Foot Locker stores – and its contribution to operating [redacted] slumped from $360m [redacted] $125m last year.

Overall, operating profits from [redacted] specialty store operations, before restructuring charges, fell from $418m to $136m last year, with Kinney accounting for the bulk of both figures.

With the fashion for [redacted] giving [redacted] more rugged footwear, [redacted] are now asking whether [redacted] only [redacted] diversification is in decline.

In a [redacted] Woolworth's [redacted] the [redacted] part [redacted] to [redacted] fears.

The [redacted] of the pay-out had long loo[redacted] unsustainable [redacted] the light of the company's financial performance, and halving [redacted] will [redacted] company with more money to invest in its specialty retailing formats.

The company also tried to reassure investors by putting Mr Ronald Berens, previously head of Kinney Shoe, in charge of all its specialty retailing operations worldwide.

Even so, the languishing share price – down another $⅛ in early trading in New [redacted] yesterday [redacted] $15⅛ – [redacted] has little [redacted] in [redacted] future.

Tyco to acquire Kendall

By Richard Waters

Tyco International, a diversified US manufacturer, is to acquire Kendall International, a maker of disposable medical products, in an all-stock deal valued yesterday at $1.35bn.

The acquisition will give Tyco, formerly Tyco Laboratories, a bigger presence in a market that it estimates to account for annual sales of $20bn in the US, and $50bn worldwide.

Some 80 per cent of Kendall's revenues, which in 1993 amounted to $816m, are in disposable medical products, from wound care items, used in hospitals, to therapeutic hosiery sold through retail outlets.

About 17 per cent of the company's sales come from outside the US, with local manufacturing and distribution facilities in Europe, the Far East and Latin America.

Tyco, more than half of whose $3.3bn sales come from fire protection systems, derives only $80m of its revenues from medical products at present.

The merger is part of a move by Tyco to "translate our manufacturing expertise in packaging into higher margin products in the disposable medical products market", said Mr Dennis Kozlowski, chairman and chief [redacted]

The combined business would be grown in the US and internationally, in part [redacted] acquisitions, [redacted] added.

Tyco said the transaction would not dilute its [redacted] per share, partly [redacted] it planned to buy back 2.9m of its [redacted] the deal [redacted] completed.

However, Tyco's [redacted] slipped $1⅛ in early trading, to $45⅞. Kendall's share price jumped $3⅞, to $54⅞.

Videotron profits slip to C$19m

By Robert Gibbens in Montreal

Videotron, the Canadian communications group developing cable television franchises in southern England, recorded lower profits for the first nine months of fiscal 1994, mainly due to problems with its Montreal broadcasting unit.

The Canadian cable-TV business continued to grow and was profitable, and the UK cable and telecommunications operations reached 11 per cent of Videotron's total consolidated revenues.

For the first nine months ended May 31, consolidated net profit was C$19m (US$14m) or 12 cents a share, down from C$22m, or 15 cents, a year earlier on revenues of C$457m, up 8.7 per cent.

Videotron said heavier depreciation stemming from expansion of the UK operations also reduced consolidated earnings.

● Alcan Aluminium plans to sell its two North American building products divisions, with annual revenues of US$425m, to Genstar Capital, an industrial group whose subsidiaries include Wolverine Tube, a leading US producer of copper tubing.

The Alcan divisions employ 1,800 in 18 plants and distribution centres, mainly in the US.

They make aluminium, vinyl and steel building products.

Mixed results [redacted] US forestal groups

By Laurie Morse in Chicago

US [redacted] products groups continue to report mixed second-quarter results. Boise Cascade yesterday [redacted] a decline in second-quarter losses, to $19.2m, or 86 cents a share, from losses before special charges of [redacted] or 85 cents, [redacted] 1993 quarter.

Louisiana-Pacific, meanwhile, reported [redacted] quarter earnings, [redacted] $81.0m or 75 cents a share, [redacted] $65.7m, or 60 cents, in the 1993 second quarter.

Second-quarter sales at Boise Cascade were $1.1bn, up from $974m a year ago.

The company said most of [redacted] sales improvement stemmed from [redacted] acquisi[redacted] in [redacted] products business, and from rising demand in its building products sector. That sector's earnings also improved because the price of logs, the raw material for building products, moderated during the quarter.

However, operating losses in Boise Cascade's paper segment deepened during the quarter. The company said average prices for its largest-volume grades, uncoated free sheet and newsprint, were down about 6 per cent.

Weak prices, it added, were only partly offset by lower unit manufacturing costs and increased volume.

[redacted] rose to $775m from $597m a year ago.

"Although the quarter started off slowly, as questions about interest rates put some building products buying decisions on hold, business picked up steadily during the quarter," said Mr Harry Merlo, chairman.

"As we enter the second half of the year, numbers for housing starts, building permits and existing home sales are strong," he said.

Mr Merlo said the company's pulp market had also improved dramatically over a year ago, with the prices of some grades rising by as much as 75 per cent.

Thai group seeks 7-11 franchise for China

By Victor Mallet in Bangkok

[illegible] Pokphand (CP), the Thai multinational that is one of the largest foreign investors in China, said yesterday it was bidding for the right to establish [illegible] network of [illegible] convenience stores in China.

CP group has run the Seven-[illegible] in Thailand since 1989, and now controls a network [illegible] stores. The Seven-Eleven name belongs to Southland of the US, which is in turn [illegible]wned by [illegible] Ito-Yokado.

CP said it was submitting a bid to Southland for the franchises in various zones of China. Bids must be in by the end of September.

CP's likely rivals in the bidding include the Seven-Eleven franchise-holders for Hong Kong and Taiwan, respectively Dairy Farm and the President group. Dairy Farm, the food re[illegible]ling side of Jardine Matheson, already has a franchise for Guangdong province in southern China, and has set up several [illegible] shops in Shenzen.

Of the new [illegible] zones on offer, Shanghai is regarded by retailers as one of [illegible] most [illegible]. Southland is also considering in[illegible]ucing the [illegible] in Indonesia, CP [illegible] say.

[illegible] increasingly [illegible] retail chain stores instead of markets or individual shops. In Thailand [illegible] CP expects the number of Seven-Eleven outlets to rise from 320 to 400 by the end of this year, to 500 next year, and to 1,000 by 1997. CP also runs Makro cash-and-carry superstores in Thailand in a joint venture [illegible] SHV of the Netherlands.

Meanwhile, Dunkin' Donuts (Thailand) said it planned to invest $3m in Vietnam over the next two years. It has just been appointed priority franchisee for the country by Dunkin' Donuts of the US.

● Siam Commercial Bank says it has received approval from the Thai central bank to link up with the CP group to open a joint-venture bank in Hanoi, Vietnam, AP-DJ reports from Bangkok.

Generating an appetite for foreign cash

China's Huaneng group is looking to the NYSE for fresh funds, writes Tony Walker

China's Huaneng group, the country's largest power generating organisation, has emerged as perhaps the most aggressive Chinese company seeking foreign capital abroad, with planned listings in New York of two of its subsidiaries.

Huaneng officials make no secret of their appetite for foreign capital to fulfil ambitious expansion plans to the end of this century. They include adding 15,000 megawatts of capacity to the existing 14,500MW under its control.

In addition, its coal mines will be extended to produce 30m tonnes by the year 2000, and a coal port will be equipped to handle 38m tonnes annually. An ambitious railroad-building programme is also planned.

Mr Cao Leren, the group's senior engineer, describes as a "breakthrough" the prospect of the Huaneng International Power Development Corporation and Shandong Huaneng Power Development Company being among the first direct Chinese listings in New York.

"We need a tremendous amount of money to carry out our plans," Mr Cao says.

The Huaneng official [illegible] [illegible] funding requirements will [illegible] Yn150bn (U$17.4bn) in [illegible] the [illegible] 2000. [illegible] this total, [illegible] company will [illegible] third [illegible] its [illegible]. [illegible] one-third will [illegible] raised domestically, much [illegible] in the form of loans from the newly-established State Development Bank.

This leaves a further one-third, or about $6bn, to be raised internationally, either through share issues, bonds or BOT (build-operate-transfer) equity ventures.

The group recently established China's first organisation specifically designed to channel funds into BOT projects. Called the BOT Investment and Development Corporation, its first project is a toll-road in partnership with Beijing municipality.

The Huaneng group is also pursuing an innovative strategy in its New York listings. Under the guidance of CS First Boston, Shandong Huaneng Power Development hopes to raise some $400m through a public offering of 23.4m American depositary shares (ADS).

These will be a new class of shares, known as "N" shares, which will be offered to inves[illegible] in the US, Europe and Asia. "N" [illegible] similar [illegible] concept to the "B" [illegible] [illegible] on [illegible] fledgling exchanges, and which [illegible] denominated in dollars [illegible] foreigners (China's yuan is not convertible). Each [illegible] will represent 50 ordinary "N" shares.

[illegible] under a [illegible] electricity tariff schedule, [illegible] aiming for a return of 15 per cent of its fixed net assets after costs and taxes. This is in line with guidelines set by the central government for a reasonable rate of return on equity investments in infrastructure projects in the power sector, under BOT-type schemes.

Shandong Power operates four power stations with total capacity of 1,200MW in Shandong province, south-east of Beijing. Huaneng International Power, 60 per cent-owned by the Huaneng group, [illegible] in [illegible] 6,100MW under its [illegible].

The China Huaneng Group grew out of a decision in 1985 to establish a conservation fund to convert oil-fired power stations to coal, and to build [illegible]. In [illegible], Huaneng became [illegible] group and is now one of China's 10 biggest companies.

[illegible] the end of [illegible] totalled Yn46bn against liabilities of Yn39.3bn. Borrowings amounted to Yn35bn, of which about one-third was hard currency-denominated. Net profit for the year was Yn2.2bn, double that [illegible] 1992.

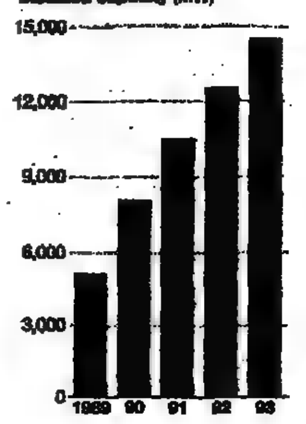
In all, the group comprises 11 corporations and some 200 [illegible] companies, concentrated in the power sector. [illegible] it [illegible] involved in real estate, trading and finance. Two of its [illegible] operating companies are listed on Chinese exchanges, one in Shanghai and the other in Shenzen.

Mr Cao, however, believes that foreign listings are "much more meaningful" for a company [illegible] Huaneng's [illegible] and diversity than [illegible] listing in Hong Kong, where nine Chinese entities [illegible] been listed, [illegible] on [illegible] of the mainland exchanges. This, [illegible] the pool [illegible] capital [illegible] so much larger.

Mr [illegible] confident – in spite [illegible] nervousness [illegible] and [illegible] having [illegible] thoughts about opportunities in China – that Huaneng will [illegible] well [illegible]. The two companies seeking listings, he observes, [illegible] both [illegible] in [illegible] generation in [illegible] country where [illegible] shortages of electricity".

Huaneng power

Installed capacity (MW)



Sources of capital (%)

Foreign	28.58
Domestic	28.45
Government grant	31.09
Bank loans	8.88
Others	[illegible]

Source: Company report

Malaysian mobile phone group surges to M$105m

By [illegible] Hill in Kuala Lumpur

Technology [illegible] (TRI), the holding company for Cellular Communications Network (Malaysia), Malaysia's largest mobile phone carrier, has announced 95.6 per cent year-on-year growth in pre-tax profits, to M$105.97m (US$40.9m), for the first half of 1994.

The results were well within market expectations of between M$95m and M$120m.

Group turnover grew 49 per cent to M$367.1m compared with a year ago, and after-tax profits were up 120 per cent to M$69.9m. The stock does not pay a dividend.

The company recorded an extraordinary gain of M$126.1m on [illegible] non-telecommunications [illegible]iaries. [illegible] bulk of profits, supplemented [illegible] from [illegible] Malaysian Helicopter Ser[illegible] (MHS) subsidiary.

Analysts were pleased with the results, but expressed concern about the company's disclosure policies. Earlier this year, UBS (East Asia), a member of the Union Bank of Switzerland group of companies, had to postpone an international offering of US$400m in TRI euroconvertible bonds, after European fund managers objected to discrepancies in profit forecasts.

In the accompanying prospectus, TRI had [illegible] M$128m in [illegible] the full year 1994. However, many securities houses were anticipating a figure of more than M$300m, based on analysts' meetings with the company.

Yesterday, the company told analysts it would not raise its full-year profit forecast, citing growing depreciation expenses. Many analysts, however, are still forecasting a full-year figure close to M$200m.

TRI's chairman and majority shareholder is Mr Datuk Tajudin Ramli, a Malay businessman and protégé of the influential former finance minister Mr Tun Daim Zainuddin. TRI and MHS are near completion of a demerger exercise, after which MHS will purchase a 32 per cent stake in Malaysian Airlines.

NEWS DIGEST

Australian results poll

Australian corporate profits are expected to have risen by about 17 per cent in the year to June 30, down from the previ[illegible] year's 29 [illegible] profit surge, according to a survey by [illegible] Australia, Reuter reports from Sydney.

Earnings by [illegible] companies for 1993-94 will sharply outperform those by resource companies, [illegible] Barclays [illegible] (Barcep) [illegible] earnings [illegible] said.

Industrial earnings are expected to rise 21 per cent, while resource earnings are seen down 12 per cent, according to the survey, compiled of projections from [illegible] brokers. Many Australian companies [illegible] soon begin reporting annual [illegible].

Barclays [illegible] Mr Martin Archer attributed [illegible] earnings slowdown [illegible] a consolidation [illegible] many companies following a sharp turnround in the [illegible].

Metroplex raises resort stake to 85%

Metroplex, the Malaysian property, construction and hotel group, is to pay US$9.1m for an additional 55 per cent stake in Subic Bay Resort (Hong Kong), writes Christine Hill. The deal raises Metroplex's stake in the resort to 85 per cent.

The holding is being bought from subsidiaries of Genting, the Malaysian investment holding company with interests in resorts, gaming, plantations and property.

Genting recently voiced its concern about the Philippine government's plan to develop Subic Bay, [illegible] US naval base, and [illegible] intention [illegible] restrict access [illegible] for[illegible].

INTERNATIONAL CAPITAL MARKETS

US Treasuries sharply higher on solid demand

By Patrick Harverson in New York and Conner Middelmann and Graham Bowley in London

Retail demand, short-covering by dealers, a dollar rally, news of higher weekly unemployment claims and rumours of a US invasion of Haiti all combined to push [illegible] Treasury prices sharply higher yesterday morning.

By midday, the benchmark 30-year government bond was up 1 at 84 [illegible], yielding 7.567 per cent. The two-year note was also firmer, up [illegible] at 99¾, to yield 6.050 per cent.

Prices firmed from the start, with traders reporting solid demand from retail accounts, and [illegible] early gains [illegible] some dealers [illegible] their short positions.

Sentiment was helped by the announcement that [illegible] state unemployment insurance claims rose by 19,000, a much bigger increase than forecast.

Also, [illegible] 0.6 per cent rise in June retail sales was slightly smaller than expected, and encouraged further buying, as did another rally in the dollar.

The final positive factor was a rumour that the US had invaded Haiti. Political unrest and the involvement of the US military in conflict abroad usually buoys Treasuries, as investors rush to buy more secure investments. Although yesterday's rumour proved false, it was enough to provide investors with another reason to buy government bonds.

■ European government bonds rallied strongly, boosted by the strength in US Treasuries, as the more positive mood of recent days continued.

However, the gains came in thin, futures-driven trade, with the French market closed, and analysts were sceptical about how long the rally will last.

"Confidence has returned with a better outlook for inter- [illegible] and some institutional investors have come back to the markets relatively cash-rich. But it also has the elements of a classic bear squeeze," said Mr Sanjay Joshi, [illegible] economist [illegible] Daiwa Europe.

■ German bunds rose strongly in afternoon trading, on the back of US Treasuries and supportive [illegible] from Mr Hans Tietmeyer, president [illegible] the Bundesbank.

Although the dollar regained [illegible] ground against the D-Mark, bunds continued [illegible] benefit from the German currency's safe-haven status.

Mr Tietmeyer said the decoupling of international capital markets based on inter- [illegible] developments [illegible] not be easy, "but when the fun- [illegible] are right and [illegible] policy of stability is clear then it is by no means ruled out".

Mr Michael Buerk of Citibank said: "These [illegible] are a sign that a key German official is hopeful, if not over-optimistic, that some decoupling might take place."

■ UK gilts rallied in late trading in line with bunds, and after the Bank of England announced that three tranches of existing government bonds had been exhausted.

Today, the Bank is expected to announce details of its next auction, which analysts expect to be of seven to 10 years.

■ Contrary to recent market recoveries when high-yielding bonds have outperformed the core markets, Italian and Spanish bonds tracked Germany at more or less stable yield spreads while the Swedish market weakened further.

"This is a sign that the long-term divergence trend remains intact," said Mr Kirit Shah of [illegible] Chicago.

[illegible] yield on the Swedish nine-year benchmark bond [illegible] the psychologically important 11 per cent level [illegible] some 18 basis points higher [illegible] 11.05 per cent. The 10-year yield spread over Germany widened by nearly [illegible] points to [illegible] points.

The [illegible] was hit by a triple whammy: a rise in the year-on-year inflation rate, [illegible] inconclusive [illegible] meeting of the parliamentary finance committee and a lukewarm reception for the government's latest T-bill auction.

Although [illegible] month-on-month inflation rate was unchanged, [illegible] year-on-year [illegible] cent in June from 2.3 per cent in May.

Bonds also derived little support from the finance committee meeting, called in response to the recent falls in Sweden's financial markets.

Meanwhile, at its auction of three-, six- and 12-month bills the National Debt Office managed to sell only SKr10.54bn of the SKr12.5bn offered.

■ Italian bonds tracked the other markets and closed more than a point higher, but failed [illegible] deliver [illegible] performance some had hoped for following Wednesday's announcement of [illegible] government's fiscal plans. The budget targets for 1994 and [illegible] and plans [illegible] offset this year's [illegible] by L5,000bn, had [illegible]

"Details were conspicuous by [illegible] absence," said Mr Ken Wattret, international economist at Midland Global Markets.

"The rally in the Italian market will [illegible] on hold until the details of [illegible] government's three-year fiscal plan [illegible] published next week," he [illegible]. The details are expected [illegible] Wednesday or Thursday.

GOVERNMENT BONDS

Nikkei 300 futures fail to find favour

By Emiko Terazono in Tokyo

Dwindling trading volume in futures contracts on the capitalisation-weighted Nikkei 300 index is causing concern among Japanese financial officials.

The Nikkei 300 contract, listed on the Osaka Stock Exchange last February eventually to replace the price-weighted Nikkei 225 index, has failed to attract investor interest. OSE officials are now considering measures to revitalise trading, including a cut in the minimum trading unit.

Daily trading volume of the Nikkei 300 futures has been below 10,000 contracts since July 5, when volume hit the lowest level on record at 6,891 contracts. In value terms, daily turnover averaged around Y70bn last month, almost 94 per cent lower than that of the Nikkei 225 futures, also traded on the OSE.

The N[illegible] was introduced after fierce debate over the negative impact of the Nikkei 225 futures on the main cash market. Some financial authorities claimed that the price-weighted index was easily manipulated, and arbitrage trading between the futures and cash markets was responsible for the volatility in the underlying cash market.

In spite of the new contract's launch, most traders and investors have stuck to the more familiar Nikkei 225 futures, and the Nikkei 300 index itself has yet to become a stock market benchmark.

Mr Sadakane Doi, chairman of the Japan Securities Dealers' Association, said the securities industry would strive to interest investors in the Nikkei 300 futures, adding that many securities industry executives wanted to nurture the index.

Meanwhile, Mr Goro Tatsumi, the association's Osaka representative, called for support from the finance ministry to promote the Nikkei 300 index futures.

Earlier this year, the Singapore International Monetary Exchange was given the licensing rights to trade futures and options contracts based on the Nikkei 300 index.

Canadian dollar sector revived by deals aimed at retail buyers

By Tracy Corrigan

After several days dominated by large offerings aimed at institutional investors, the pattern shifted yesterday, as a spate of deals targeted at the retail investor emerged in the Canadian dollar sector.

There has been a revival of interest in the sector, due largely to a heavy schedule of nearly C$2bn-worth of redemptions of outstanding bonds – including a C$650m Alberta deal – next month.

Many Benelux-based investors are looking for Canadian dollar bonds in which to reinvest following the redemptions, particularly [illegible] Canadian dollar yields are now higher than those for Belgian and Luxembourg franc [illegible]

Until yesterday's rush of C$375m-worth of [illegible] issues, [illegible] had been [illegible] activity [illegible] a month, [illegible] the forthcoming redemptions coupled with [illegible] the Canadian dollar encouraged borrowers to return to the market, dealers said.

Canada's Federal Business Development Bank and Germany's L-Bank both launched three-year deals, arranged by Barclays de Zoete Wedd and Goldman Sachs respectively, while Norddeutsche Landesbank launched a five-year offering via Hambros Bank.

At the longer end, Société Quebecoise D'Assainissement des Eaux, a provincial crown corporation, launched a 10-year deal, which would usually be rather long-dated for retail investors. However, the 10 per [illegible] coupon is attractive [illegible] buyers, who have been looking for this type of coupon for some time.

[illegible] said that institutional investors are not looking [illegible] the market, and anyway would typically prefer larger, more liquid offerings.

In the sterling floating-rate [illegible] market, a [illegible] S.G. Warburg added £75m to an outstanding £150m issue. the offering pays a discounted margin of 28 basis points over Libor.

■ Pohang Iron & Steel filed with the US Securities and Exchange Commission a shelf offering of up to $700m in debt securities and common stock, Reuter reports.

The Korean steel producer said the proceeds from the sale would be used for general corporate purposes including capital expenditures, debt refinancing and overseas investments.

INTERNATIONAL BONDS

NEW INTERNATIONAL BOND ISSUES

Borrower	[illegible]	[illegible]	[illegible]	[illegible]	Fees %	Spread	Book runner
YEN							
Ford Credit Europe(d)	10bn	(a)	[illegible]	[illegible]	0.20R	-	M.Lynch/Mitsubishi Fin.
Bayerische Hypobank(b)	8bn	4.00#	[illegible]	[illegible]	undiscl.	-	Daiwa Bank Capl.Mgmt.
STERLING							
SGW Finance(c)‡	75	(c1)	[illegible]	Mar.1998	0.175R	-	SG Warburg Securities
CANADIAN DOLLARS							
L-Bank(d)	[illegible]	[illegible]	[illegible]	[illegible]	0.1875R	+20 (e)	Goldman Sachs Intl.
SQAE	100	10.00	99.55R	Aug.2004	0.35R	+83 (9½%-04)	Wood Gundy
Norddeutsche Landesbank(d)	75	9.00	99.975R	Dec.1999	0.275R	+16 (7¾%-99)	Hambros Bank
Federal Business Dev. Bank	75	8.60	99.944R	Aug.1997	0.1875R	+6 (e)	Barclays de Zoete Wedd
AUSTRALIAN DOLLARS							
Queensland Treasury Corp.	100	4.50#	[illegible]	[illegible]	1.375	-	Nomura International
SWISS FRANCS							
[illegible]	100	0.60	100.00	[illegible]	-	-	[illegible]
LUXEMBOURG FRANCS							
Commerzbank(g)	[illegible]	7.75	[illegible]	[illegible]	2.00	-	BGL

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. ★Private placement. ‡Floating rate note. #Semi-annual coupon. R: fixed re-offer price; fees are shown at the re-offer level. a) 3.40% to 10/11/95 then 3.80% to 10/11/96 and 4.30% thereafter. b) Short 1st & 2nd coupon. c) Fungible with £150m. Plus 35 days accrued. Puttable on Mar.96 at par. c1) 3-mth Libor +20bp. d) Short 1st coupon. e) Over interpolated yield. f) Fixing: 19/7/94. g) Long 1st coupon.

Record first half for OM

By Hugh Carnegy in Stockholm

OM Group, the Swedish company which runs derivatives exchanges in Stockholm and London, yesterday reported [illegible] surge in pre-tax profits in [illegible] half [illegible] SKr158m ($21m) from SKr100m in the same period last year as turnover rose to record levels.

OM has been riding [illegible] recent heavy growth in derivative trading through its OM Exchange in the Swedish capital and the OMLX exchange in London.

Average daily turnover rose in the first half to 133,891 contracts – a record for a six-month period – from the daily average of 92,553 contracts for all 1993 and 83,437 for the first half of last year. Operating revenues rose to SKr289.5m from SKr190.6m and operating profit more than doubled to SKr128m from SKr61m.

In May, [illegible] decided to sell [illegible] financing businesses and pull out of a plan to participate in founding a new Swedish bank. The sale of OM Finans has yet to take place, but OM included costs of SKr8.4m in its first-half expenses incurred in the aborted bank project.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		[illegible]	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		9.000	[illegible]	98.2000	+0.250	[illegible]	9.59	9.61
Belgium		[illegible]	04/04	96.3500	+0.650	7.79	8.23	[illegible]
Canada *		6.500	[illegible]	[illegible]	+0.750	9.01	9.12	9.12
Denmark		[illegible]	[illegible]	[illegible]	+0.670	8.17	8.37	8.36
France	[illegible]	8.000	05/98	104.6200	-	6.90	6.90	[illegible]
	[illegible]	5.500	04/04	87.3300	-	7.36	7.59	[illegible]
[illegible]		[illegible]	05/04	99.0600	-0.330	6.86	[illegible]	[illegible]
Italy		6.500	01/04	90.4800	+0.710	[illegible]	[illegible]	[illegible]
Japan	[illegible]	4.800	06/99	104.8990	[illegible]	3.63	3.80	[illegible]
	No [illegible]	[illegible]	12/03	98.0000	+0.130	4.40	4.35	4.19
Netherlands		5.750	[illegible]	92.8200	[illegible]	6.79	7.10	7.23
Spain		8.000	05/04	88.0500	+1.350	10.31	[illegible]	[illegible]
[illegible] Gilts		6.000	08/99	92-22	+16/32	7.78	8.25	[illegible]
		6.750	11/04	90-23	+27/32	8.08	8.57	[illegible]
		9.000	10/08	106-22	+30/32	8.19	[illegible]	8.65
US Treasury *		7.250	05/04	99-27	+33/32	7.27	7.28	[illegible]
		6.250	08/23	[illegible]	+38/32	7.57	[illegible]	[illegible]
ECU (French [illegible])		8.000	[illegible]	87.6000	+0.030	[illegible]	[illegible]	[illegible]

London closing, *New York mid-day. Yields: [illegible] market standard.
† [illegible] (including withholding tax at 12.5 per cent payable by [illegible])
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Lunchtime — Treasury Bills and Bond [illegible]

Prime rate	7¼	One month	[illegible]	[illegible] year	6.08
Broker loan rate	5½	Two month	[illegible]	Three [illegible]	6.43
Fed.funds	4¼	Three month	4.45	Five year	6.91
[illegible] at intervention	-	Six month	4.81	10-year	7.31
		One year	[illegible]	[illegible]	7.61

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF) Jul 13

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Sep	116.74	116.25	+0.06	[illegible]	116.12	[illegible]	127,911
Dec	115.96	115.48	+0.06	[illegible]	[illegible]	896	13,023
Mar	115.24	114.76	+0.06	[illegible]	[illegible]	487	1,747

■ LONG TERM FRENCH BOND [illegible] (MATIF) Jul 13

[illegible]

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

[illegible]

■ BUND FUTURES OPTIONS (LIFFE) [illegible] points of 100%

[illegible]

■ NOTIONAL MEDIUM TERM GERMAN GOVT. BOND (BOBL)(LIFFE)* DM250,000 100ths of 100%

[illegible]

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	[illegible]	106.07	[illegible]	106.60	[illegible]	45120	59524
Dec		[illegible]	[illegible]			0	110

■ ITALIAN GOVT. [illegible] (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	Calls Sep	Calls Dec	Puts Sep	Puts Dec
[illegible]	1.79	2.64	1.71	3.77
[illegible]	1.52	2.43	1.95	[illegible]
10700	1.25	2.24	2.21	4.37

Est. vol. total, Calls 844 Puts [illegible]. Previous day's open int., Calls 30966 Puts [illegible]

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Sep	89.65	91.09	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dec	-	90.60	-	-	-	410	[illegible]

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	[illegible]	104-00	[illegible]	[illegible]	[illegible]	85450	[illegible]
Dec		103-05	+0-25			0	[illegible]

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls Sep	Calls Dec	Puts Sep	Puts Dec
104	1-35	2-47	1-35	[illegible]
105	1-07	2-20	2-07	[illegible]
106	0-47	1-61	2-47	[illegible]

Est. vol. total, Calls 4763 Puts 2779. Previous day's open int., Calls 66120 Puts 46916

Ecu

■ ECU BOND FUTURES (MATIF) Jul 13

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Sep	84.30	84.24	+0.44	84.40	83.80	1,888	[illegible]
Dec	-	83.60	[illegible]	-	-	-	-

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	100-31	[illegible]	[illegible]	101-21	100-25	[illegible]	[illegible]
Dec	100-04	[illegible]	+0-18	[illegible]	[illegible]	1,188	[illegible]
Mar	99-12	100-01	-	99-10	99-10	9	[illegible]

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) [illegible]

	Open	Close	Change	High	Low	Est. vol	Open int.
Sep	109.04	[illegible]		109.35	[illegible]	[illegible]	0
Dec	108.15			[illegible]	[illegible]	[illegible]	0

* LIFFE contracts traded on APT. All Open interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Thur Jul 14	Day's change %	Wed Jul 13	Accrued interest	xd adj. ytd
1 Up to 5 [illegible] (24)	122.61	+0.22	122.34	2.13	8.62
[illegible] 5-15 years (22)	143.49	+0.60	142.64	2.38	[illegible]
3 Over 15 years [illegible]	161.61	+0.72	160.36	2.32	6.57
[illegible] (6)	183.90	+0.74	182.54	1.76	7.38
5 All stocks (61)	140.58	+0.60	139.69	2.31	6.43

	Low coupon yield Jul 14	Jul 13	Yr. ago	Medium coupon yield Jul 14	Jul [illegible]	Yr. ago	High coupon yield Jul 14	Jul [illegible]	Yr. ago
5 yrs	[illegible]	7.96	6.72	8.09	[illegible]	[illegible]	8.16	8.26	[illegible]
15 yrs	[illegible]	8.20	[illegible]	8.26	8.33	7.84	8.52	8.61	8.09
20 yrs	[illegible]	8.16	7.91	[illegible]	8.33	7.97	8.37	8.45	8.18
[illegible]	8.20	8.26	8.07						

Index-linked					
6 Up to 5 years (2)	187.09	+0.24	186.64	1.48	2.83
7 Over 5 years (11)	172.24	+0.15	171.96	0.66	2.94
[illegible] All stocks (13)	172.89	+0.16	172.62	0.73	2.86

	Inflation 5% Jul 14	Jul 13	Yr. ago	Inflation 10% Jul 14	Jul 13	Yr. ago
Up to 5 yrs	3.59	3.66	[illegible]	2.47	2.55	[illegible]
Over 5 yrs	3.85	3.86	3.44	3.65	3.68	3.25

Debentures and Loans					
9 [illegible] & Loans (76)	132.50	+0.66	131.41	2.57	5.84

	5 year yield Jul 14	Jul 13	Yr. ago	15 year yield Jul 14	Jul [illegible]	Yr. ago	25 year yield Jul 14	Jul 13	Yr. ago
	9.30	[illegible]	8.36	9.22	9.30	8.63	9.16	[illegible]	[illegible]

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: [illegible] and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	July [illegible]	July 13	July [illegible]	July 11	[illegible]	Yr ago	High*	Low*
Govt. Secs. (UK)	[illegible]	[illegible]	93.42	92.86	[illegible]	98.45	107.04	90.99
Fixed Interest	[illegible]	[illegible]	111.00	[illegible]	[illegible]	117.01	133.87	107.33

* for 1994. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed Interest high since compilation: 133.87 (21/1/94), low 50.53 (3/1/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974

GILT EDGED ACTIVITY INDICES

	[illegible] 13	July 12	July 11	[illegible] 8	July 7
Gilt Edged bargains	143.2	97.6	79.8	80.2	71.8
5-day average	94.4	85.4	81.7	80.4	[illegible]

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:10 pm on July 14

	Issued	Bid	Offer	Chg.	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 6½ 03	1000	90¾	91	+¼	[illegible]
Alberta Province 7⅝ 98	1000	101	101⅜	+⅛	7.28
Austria 8½ 00	400	104¼	[illegible]	+⅛	[illegible]
Bank of Tokyo 8⅝ 96	[illegible]	102½	103	+⅛	[illegible]
United Kingdom 7¼ 97	5500	102¾	103	+⅛	[illegible]
Volkswagen Intl Fin 7 03	1000	[illegible]	93½	+⅛	7.16
World Bank 0 15	2000	28	28⅜	+1⅛	[illegible]
World Bank 5⅞ 03	[illegible]	[illegible]	93½	[illegible]	7.01
World Bank 8¾ 00	[illegible]	112	112½	+½	[illegible]
Abbey Natl Treasury 8 03 £	1000	94¼	94½	[illegible]	8.97
Alliance Leics 11½ 97 £	100	108¾	109	+⅛	7.88
British Land 8⅞ 23 £	[illegible]	[illegible]	91¼	+⅛	10.05
Denmark 6¾ [illegible]	800	95¼	96	+⅛	8.00
EIB 10 97 £	837	105½	[illegible]		7.81

[illegible]

UK GILTS PRICES

[illegible]

Restructuring charges of £111.6m but City pleased with result

Rank declines to £16.3m

By Michael Skapinker, Leisure Industries Correspondent

The Rank Organisation yesterday reported an interim pre-tax profit down from £96.1m to £16.3m after restructuring charges totalling £111.6m. But this was well above City expectations and the shares closed 13p higher at 404½p yesterday.

Rank, whose interests include Butlin's holidays, casinos and the Hard Rock Cafés, said that after three difficult years there was an improvement in underlying trading in the first half.

Before charges, profits were up 41 per cent to £127.9m. The company had previously adopted a more cautious view of the recovery.

Pre-tax profit for the 28 [illegible] to May 14 was after a charge of £49.6m, relating mostly to the closure of the video distribution business, and after the group's £62m share of Rank Xerox's restructuring costs.

Profits from Rank Xerox, before restructuring costs, were up 38 per cent to £94.6m.

An improvement in video duplication lifted profits in the film and television division from £13.3m to £24.5m. The group said it expected a strong second half from the video duplication of the film Jurassic Park.

The Pinewood film studios also enjoyed increased operating profits. Odeon cinemas saw admissions rise 4 per cent and prices 1 per cent. The group expects to benefit in the second half from the cinema success of the film Four Weddings [illegible] a Funeral.

The holiday division's profits rose from £5.6m to £7m. The number of holidays sold was up 12 per cent in the first half. Bookings for the summer, however, are only slightly up in volume and 3 per cent by value. Mr Michael Gifford, chief executive, said the group's older holiday customers were adversely affected by low interest rates.

The recreation division, which includes bingo clubs and casinos, saw operating profits increase from £32.7m to £34.2m. Bingo profits were level with last time. Casino admissions were up 3 per cent and spending per head was 5 per cent higher.

The leisure division, which includes Hard Rock Cafés and holiday resorts, saw operating profits fall from £22.3m to £20.4m.

Group turnover was £996.4m (£972.4m), including discontinued operations of [illegible] (£75.5m).

The interim dividend is 4.25p. Last year, the group paid a full year's dividend at the interim stage, with an enhanced share alternative. It said the equivalent pay-out at the halfway stage last time would have been 4.03p.

Losses per share were 3.4p (earnings 5.4p). After adjustment for Rank Xerox restructuring costs, earnings were 7.8p (4.9p).

See Lex

Talks over Wembley refinancing

By Tim Burt

A syndicate of 22 banks owed £152m by Wembley, yesterday said that they had begun discussing plans to refinance the debt-burdened stadium and greyhound tracks operator.

The banks, led by Barclays and Schroders, are expected to scrutinise proposals made to the Wembley board by three investor groups.

The groups are: Apollo Advisers, a US investment group led by Mr Leon Black; Allied Entertainments, the promotions business controlled by Mr Harvey Goldsmith; and Mr Luke Johnson and Mr Hugh Osmond, who are City entrepreneurs.

All three proposals envisage an injection of new equity while retaining the current management.

Although the banks are not expected to decide on a prefered package for some weeks, the Wembley board is said to have indicated that it favours the proposal drawn up by Mr Johnson and Mr Osmond.

Wembley has been made aware of possible conflicts with concert organisers if Mr Goldsmith's promotions company is chosen to refinance the group.

Concern has also been raised over a possible shareholder backlash if the stadium – widely regarded as the home of English football – is seen to be refinanced by US investors.

Officials acting for Mr Johnson and Mr Osmond, whose previous deals included the successful reverse takeover of PizzaExpress, have already begun due diligence at Wembley.

Their plans are thought to centre on a debt-for-equity swap [illegible] rescue [illegible] issue.

Beazer pays £31m for Mowlem Homes

By Simon Davies

Beazer Homes, the recently-floated former Hanson subsidiary, has bought the housebuilding arm of John Mowlem, the construction and airports group, for £31m.

Mr Dennis Webb, Beazer's chief executive, said the acquisition "fits in well with our strategy to increase our volumes and market share, particularly in the south[illegible]".

Mowlem announced at the time of its £83m rights issue last March that it planned to focus on its contracting and scaffolding business, and would sell John Mowlem Homes, along with part of its stake in London City Airport.

John Mowlem [illegible] is a specialist housebuilder [illegible] presence in the south-east and [illegible] England, [illegible] Beazer is comparatively weak.

Mowlem also operates in Northern Ireland, but Mr Webb said Beazer was currently negotiating the sale of the Northern Ireland business.

The acquisition was priced at a marginal premium to John Mowlem's £30.2m book value for its housebuilding arm, but the subsidiary also has £1.8m cash.

After flotation Beazer held cash resources of £74.5m, so it is in a position to build up further John Mowlem's land bank, in addition to funding its intention of expansion into Wales and north-western England.

John Mowlem had a land bank of 2,250 plots at June 30 and incurred a pre-tax loss of £1.4m in the year to December.

The sale was through managed auction and it is understood there were four bidders at the closing stage. It is Beazer's second large acquisition in the past year. Last November it acquired the Walker Group's housebuilding interests for £28.2m.

Bob Payton: founded the Chicago Pizza Pie Factory and other US-style restaurants

US food pioneer dies in crash

By Simon Davies

Mr Bob Payton, the 50-year-old founder of many [illegible] US-style restaurants, [illegible] in a car crash on [illegible] night.

Mr Payton came to the UK from Chicago in 1973 and set up the Chicago Rib Shack, Chicago Pizza Pie Factory and Henry J Beans food [illegible]

He revelled in the fact that he had initially faced cynicism from many British financiers over his plans to serve American style food to the British.

However, he recently won over the City when My Kinda Town, the company comprising his restaurant chains, was floated in May. The company currently has a market capitalisation of £32m.

The company was launched on the stock market as a means of buying out the group's main backers and Mr Payton himself raised about £4.5m from share sales.

More of his recent attention had been focused on his 16th century Leicestershire mansion, Stapleford Park, which had also been launched as a country hotel.

The [illegible] expanded at an extraordinary rate, and Mr Payton was never short of new ideas, with recent additions to the stable coming in the form of Chicago Meatpackers, Tacos and Salsa!

His ambitions did not stop with the UK. By the time of the flotation, his chain covered 29 restaurants and bars in 17 cities, ranging from Belfast to Beirut.

Mr Payton retired from the board of My Kinda Town at the time of the flotation, leaving a company which made about £2m last year.

Slough Estates in £55m land deal with L&G

By Simon Davies

Slough Estates, the UK's largest industrial property company, is to pay £55m for Legal and General's 32 acre portion of the Winnersh Triangle business estate near Reading, Berkshire, in its largest property purchase in more than five years.

The acquisition will give Slough control of a 75 acre business park, with a total of 1m sq ft of built office and warehouse space.

The L&G site was developed in the early 1980s and has 556,000 sq ft of space, with a current rent roll of £4.37m from tenants including Mars, Hewlett Packard and ICL.

The purchase price puts the property on a yield of 7.96 per cent, and Mr Derek Wilson, group managing director, said the property was let on long leases and was "not significantly over-rented".

Mr Wilson said there would be management benefits from taking on the entire site. L&G is being paid £12.5m in cash, with the remainder being paid through the issue of 5.36m new Slough shares.

Slough has concentrated primarily on developing sites in its existing portfolio, rather than buying new properties, and it currently has 120,000 sq ft of new property under construction.

Within the Winnersh site, there is a further 12.5 acres where more development is planned.

Jones Stroud shares fall on 23% decline

Jones Stroud (Holdings) reported pre-tax profits down 23 per cent at £5.01m in the year to March 31, against £6.51m. The Nottingham-based textiles company blamed difficult trading and closure costs.

The shares lost 33p to close at 270p, a new low for the year.

Turnover edged up from £70.9m to £71.7m. The pre-tax figure was struck after £315,000 costs of closing the US division of Jones Stroud (Australia).

Mr Philip Jones, chairman, said that some subsidiaries were reporting improved results because of reduced costs but the market for stretch yarns "has yet to reach a satisfactory level". This would have an adverse effect on interim results.

He added that it was too early to forecast results for the year, but "we will be very disappointed if they do not exceed those of last year".

Earnings per share came out at 19.12p (24.85p). The final dividend is being held at 5.5p for an increased total of 9p (8.8p).

Aegis increases Spanish stake

Aegis Group subsidiary Carat Group, is paying Pta750m (£3.66m) cash to acquire a further 30 per cent in its Spanish offshoot, Publintegral, from Propiedades y Filiales.

At present, the group's Spanish companies are being reorganised and the Spanish holding company, Carat Espana, is merging into Publintegral.

Magnum £1.23m in the red

By Paul Taylor

Magnum Power, which designs built-in uninterruptible power supply units (Bi-ups) and is planning a USM flotation through a placing with institutional investors, reported a pre-tax loss of £1.23m for the year to May 31, on turnover of £59,000.

The prospectus for the flotation, which was issued yesterday, also shows that the company lost £155,000 in the year to May 31 1992, which the following year rose to £482,000 on turnover of £10,000 as the company developed its technology.

However, Magnum's directors express their confidence in the prospectus that there is "potentially a large market for Bi-ups, which [illegible] currently served by the manufacturers of external uninterruptible [illegible] supply [illegible]

[illegible] be built into [illegible] tronic equipment, such as personal computers, to protect against the loss of valuable data and equipment damage if the primary power supply fails.

Magnum was founded in 1990 by Mr Vincent Lavin, chief executive, who claims to have invented Bi-ups the previous year, and Mr Ian Irvin, finance director.

The flotation is sponsored by Henry [illegible] Corporate Finance.

AB Foods gets approval for reorganisation

By Andrew Jack

The High Court has given approval for the proposed reorganisation of Associated British Foods, the milling, baking and food products group, in spite of concerns raised by the Charity Commission.

ABF said yesterday that courts had ratified the decision of the trustees of the Garfield Weston Foundation to approve [illegible] restructuring, which [illegible] designed to improve tax planning of the Weston family trusts which control the company.

The Charity Commission, which had raised initial concerns about the proposals, was not party to the court hearing, which was held in [illegible]vate. It said yesterday that it noted the decision. A [illegible] court hearing to sanction the ABF [illegible] of arrangement [illegible] take place on July 27.

The company said its plans would go ahead as proposed, with dealings in shares [illegible] British Foods to commence on August 1, ABF preference shares repaid on August 5, and interim dividend of 8.5p on September 1, and a special dividend of 18p per share on October 14.

Asda buys site from Tiphook and Storey

Tiphook, the trailer leasing company, and Thos Storey (Engineers) have sold the Tiviot Works site in Stockport, Cheshire, to Asda Stores which plans to develop it as a retail scheme.

The contract is conditional on the necessary planning consents being granted and completion of the deal is not expected until next year. Tiphook's share of the net consideration will be about £5.2m.

Kitty Little pays FFr75m for L'Amy

By Tim Burt

Kitty Little, the USM-quoted consumer goods manufacturer, is acquiring Groupe L'Amy, France's largest maker and distributor of sunglasses and spectacle frames, for FFr75.2m [illegible].

The [illegible] acquisition is funded by a placing of 29.8m new ordinary shares at 30p. The company is also raising £9.5m through a placing and [illegible] open [illegible] of [illegible] shares at 30p for working capital.

Kitty [illegible] shares [illegible] suspended at 41p on April 11.

Mr Warren Kanders, chief executive, said the company also planned to join the main market and change its name to Eyecare Products.

The deal is expected to give Kitty Little a larger share of an eyeware market worth £5.9bn in western Europe and £8.2bn in the US.

Colin Beere

Warren Kanders, right: company also plans to join main market

Under a lengthy financial reconstruction L'Amy made provisions of FFr105m last year to cover the cost of overhauling its core business. Before provisions, operating profits for the 1993 year were FFr4m (FFr14m losses) on sales [illegible] FFr568m (FFr636m).

Mr Martin Franklin, chairman of Kitty Little, blamed the problems on debt-financed acquisitions, which have since been closed.

Nevertheless, [illegible] predicted the enlarged group, with a market capitalisation of £24.7m, would expand with strategic alliances and more efficient production.

Under the terms of the acquisition, [illegible] brings with it designer brands such as Lacoste and Nina Ricci, the £8.9m raised by the placing will be used to acquire loans of FFr225.3m owed by L'Amy to various banks.

[illegible] banks will also receive Class [illegible] warrants for an aggregate of 4m new ordinary shares, exercisable at 100p per share. Another tranche of warrants, also exercisable at 100p, will be issued to banks providing on-going [illegible] facilities of FFr16.3m.

Dealings are expected to begin on August 9.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - [illegible] dividend	Total for year	Total last year
Barbour Index	fin	5.8	Oct 3	5.45	8.5	8
Druck §	fin	7.1	Oct 3	6.6	10.8	10
Excalibur	fin	0.4	Nov 4	0.3	0.65	0.5
GUS	fin	9	Nov 25	7.5625*	13	11
Hampson Inds	fin	1.5	Oct 3	1.2	2	1.6
Helton Holdings	fin	1.35‡†	-	1.35	2	2
Jones Stroud	fin	5.5	Oct 15	5.5	9	8.8
Kershaw (A)	int	9.5	Sept 19	9	-	27
Peel Holdings	fin	3.2	Oct 5	3	4.5	4
Prism Leisure	fin	3	Sept 8	2.37	4.18	3.27
Rank Org	int	4.25	Sept 19	12.4☆	-	12.4☆
Stanley Leisure	fin	3.5†	Sept 12	2.8	5.25	4.32

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock. *Adjusted for scrip issue. ☆ Adjusted for sub-division. ‡Irish pence.

Export growth leads the rise in orders as sales to Japan double

Druck gains 14% to £5.36m

By Paul Taylor

Druck Holdings, the Leicester-[redacted] manufacturer [redacted] tronic pressure measuring and control devices, yesterday reported a 14 per [redacted] in *pre-tax profits* [redacted] £5.36m [redacted] the [redacted] to March 31, up from £4.69m the previous year.

Turnover [redacted] by 10.7 per cent to £30.9m (£27.9m) with [redacted] accounting for about three-quarters [redacted]

Earnings per share advanced by 12 per [redacted] 53.7p (48.1p) and the board is recommending a final [redacted] of 7.1p (6.6p) making a total [redacted] *(10p) for the year.*

Mr John Salmon, chairman and chief *executive of the* USM-quoted group, said Druck had again "strengthened its competitive position in [redacted] measurement and control [redacted] pressure throughout [redacted] world by [redacted] continued development of [redacted] products and [redacted] lishment [redacted] markets."

Operating profits [redacted] by 11 [redacted] to [redacted] the operating margin [redacted] *up* [redacted] cent (17.3 per cent).

Druck, the [redacted] company, increased [redacted] contribution [redacted] group profits by 30 [redacted] on turnover [redacted] grew by 14 per cent.

Orders increased by 13 per cent with export orders growing by 16 per cent to £24m. The main contributions to the increase in orders were from Japan, where exports more than doubled, and to the rest of the world where orders grew by 29 per cent.

The group spent £1.8m on research and development during the year and ended March with net cash of £1.7m having used its strong positive cash flow of £2m to eliminate gearing.

Barbour Index shares fall 16p on profit dip

Shares in Barbour Index, the Windsor-based specialist information services group, fell by 16p to 198p after it announced a 15 per cent fall in annual pre-tax profits from £3.42m to £2.91m.

The directors had warned in January that its results for the 12 months to end-April would "be somewhat below those of last year".

Sales for the period decreased by 4 [redacted] cent to £11.5m compared with £12m *and earnings per share were* 16 per cent down from 13.8p to *11.6p.*

Mr Brian Griffin, the execu*tive chairman, said that a 19* per cent rise in second half *profits had been* achieved by strict cost control and a small rise in turnover.

The total dividend is raised by 6 per cent from 8p to 8.5p via a proposed final payment of 5.8p (5.45p).

Excalibur raises £5.5m to fund expansion in music

By Caroline Southey

Excalibur Group, the precision engineering and giftware company, yesterday announced the acquisition of Lifetime Europe, a music and video distributor, to be funded through a 1-for-4 rights issue.

[redacted] will [redacted] initial [redacted] of [redacted] for Lifetime, plus a further sum [redacted] up to £3m. The [redacted] issue, fully underwritten by [redacted] Montagu, [redacted] *expected* to raise £5.5m net, pricing the *shares at 40p,* which closed down 2¼p yesterday at 46p.

Mr Michael Griffiths, chairman, [redacted] acquisition [redacted] in [redacted] budget [redacted] market. *Lifetime* showed turnover [redacted] and [redacted] profits [redacted] in [redacted] year [redacted] December.

Excalibur [redacted] plans capital expenditure of £8m over the [redacted] two [redacted] Mr Griffiths said it was necessary to invest in the company's two core divisions, precision engineering and consumer products, following a restructuring programme and the disposal of loss-making operations.

In April Excalibur sold Premier Chain, its jewellery chain business, to its management.

The precision engineering division, which [redacted] 50 [redacted] turnover, [redacted] and [redacted] won a *four-year contract* with LDV (formerly Leyland Daf *Vans)* [redacted] steering systems.

The division will receive an injection of £5.9m over the next *two years* – £3.9m to increase capacity [redacted] plant replacement. A [redacted] will be spent on the consumer products division.

Gearing, [redacted] stood at more than 100 per cent in the last balance sheet, was 95 per cent at the April 30 year-end. Indebtedness related to gold bullion has been reduced by £4m to £266,000 during the year.

Excalibur reported pre-tax losses of £1.6m, compared with £6.2m, for the year to the end of April on turnover down from £61.6m to £54.4m. The losses reflected goodwill of £3.3m *written off* following the disposal of Premier Chain. *Profits before exceptionals* were [redacted] against [redacted] of [redacted]

Losses per [redacted] fell from *10.5p* to *2.8p* with adjusted earnings per share of 3.2p, compared with losses of 1.8p. A final dividend of 0.4p (0.3p) has been recommended making an increased total of 0.65p, against 0.5p last time.

Shares in [redacted] Hardware set [redacted] 225p

By Paul Taylor

Shares in Ideal Hardware, which is coming to market through a placing with institutional *investors,* were *priced* yesterday at [redacted] valuing the company at £47.5m.

Ideal started trading in January 1987 and has grown into one of the largest independent distributors of computer [redacted] products. It [redacted] between 10 and 15 per cent of the rapidly expanding [redacted] bution [redacted] in [redacted] UK [redacted] disc, tape and optical drives.

In the year to April 30 pre-[redacted] profits rose to [redacted] (£1.58m) on turnover of £71.8m (£45.5m).

On the basis of historic earnings per share of 15p last year, the placing price represents a p/e of 15.

Yesterday the directors said that, in the absence of unforeseen circumstances, they expected to pay an interim dividend for the six months to October 31 of 3.4p and to recommend a final dividend of 5.2p.

On this basis the shares will have a gross *dividend* yield of 4.8 per cent, based on the plac*ing price.*

Under [redacted] flotation terms [redacted] shares, representing 35.3 per cent of the issued cap*ital, are being placed* [redacted] Charterhouse Tilney with institutional and other investors.

The placing will raise £16.8m after expenses, including £2.5m for the company, which will help fund the purchase of larger premises.

Some 6.14m shares are being sold by existing shareholders. Mr Konrad Goess-Saurau, one of the company's founders, is selling the bulk of his 26.2 per cent stake. Following the flotation, executive directors will hold a little less than 53 per cent of the expanded capital.

The shares are expected to begin trading next Thursday.

Safeland purchase

Safeland has acquired from UBAF Bank a 8,850 sq ft retail investment property in Ash Vale, Hants, for £467,000 cash.

Stanley Leisure's £12m beats City expectations

By Ian Hamilton Fazey, Northern Correspondent

Stanley Leisure Organisation, the Liverpool-based betting shops and casinos group, reported a 53 per cent increase in pre-tax profits to a record *£12.4m for the year to May 1.*

The result, which compared [redacted] £8.1m, [redacted] nearly £1m [redacted] analysts' expectations. The shares closed up 14p at 333p.

Turnover rose by 21 per cent to [redacted] (£218.5m).

Earnings per share were 44 per cent ahead to 18p against 12.5p restated [redacted] January's £21m rights issue. A proposed final dividend of 3.5p lifts the total to [redacted] (4.21p). [redacted] cover is 3.16 times on post-tax profits of £8.44m.

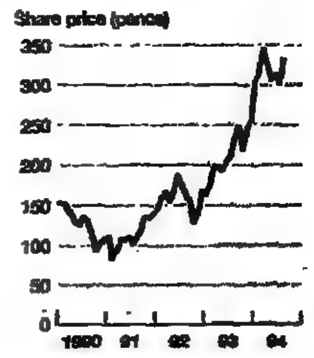
Stanley now owns 419 betting shops and 19 casinos. Of the 66 shops bought in the year, 49 [redacted] Selwyn Demmy chain in Scotland. Acquisitions, which [redacted] include [redacted] casinos, [redacted]uted [redacted] the £15.38m operating profit and £14.47m of the £265.2m turnover.

One casino and two small groups of betting shops have been bought since the rights issue – which was 98.83 per cent taken up – at a cost of only £3m. Cash balances improved [redacted] £2.79m (£3.63m overdraft). [redacted] to 10 per cent [redacted] per cent) on increased shareholders' funds of £123m (£92.7m).

[redacted] which renegotiated a five-year £45m revolving credit facility [redacted] March, remains cautiously acquisitive. Mr Leonard Steinberg, the chairman, said it would continue to use sensible prices and potential for improvement as the criteria for further buying. [redacted] £4m was [redacted] upgrading shops and casinos.

[redacted] Leisure

Share price (pence)



Source: Datastream

Prism Leisure ahead 38% but warns on first quarter

By Gary Evans

Prism Leisure Corporation, the *USM-quoted computer games* [redacted] yesterday reported a 38 *per cent profits* rise, but a warning that trad*ing in the first quarter of the* current year had been "somewhat disappointing" pushed the shares down 5p at 167p.

Mr Geoff Young, chairman, said the Christmas quarter remained the company's most significant trading period.

[redacted] profits for the [redacted] April [redacted] rose [redacted] (£1.33m) on turnover [redacted] per [redacted] higher [redacted] Earn[redacted] 14.2p (10.4p) [redacted] recom[redacted] final [redacted] of 3.03p *makes a total for the year of* 4.18p (3.27p).

Mr Young said the computer games division, and in particular the merchandising operation, once more performed strongly. The audio and video side however, had a difficult year, with turnover reduced.

The German subsidiary [redacted] a good year, with both turn[redacted] and profits [redacted] Prism's pub quiz offshoot made a marginally lower *contribu*tion than in previous [redacted] but still *"performed creditably"*, said Mr Young.

In its first full year within the group, Paul Lamond – *mainly trading in board games* – performed in line with expectations and contributed "a useful profit".

Shares fall 12p to 298p on disappointing growth in net asset value

Peel Holdings rises to £10.2m

By Simon Davies

Peel Holdings, the property company that owns the Manchester Ship Canal, yesterday reported pre-tax profits of [illegible] for the [illegible] March 31, up from £9.4m in 1993.

The shares fell 12p to 296p, reflecting a lower-than-expected increase in net asset value per share, which rose only 13p to 328p, despite the recovery in the UK property market.

The [illegible] followed the announcement last Friday that [illegible] Court [illegible] Appeal had quashed planning permission for Peel's proposed £200m shopping [illegible] at Dumplington, Greater Manchester. But the company remains optimistic that its appeal will be successful.

The Dumplington development [illegible] at the centre of [illegible]'s eight-year battle [illegible] gain control [illegible] Manchester Ship Canal. This site remains [illegible] the books valued [illegible] £18.1m, but Mr Peter Scott, managing director, [illegible] was a comfortable "fall-back value."

Turnover during the year fell marginally to £67.6m (£68.1m), with total net rental income rising from £41.1m to £43.2m, despite £2.52m of fresh annualised [illegible].

The company's portfolio [illegible] [illegible]tly carrying [illegible] of £5.2m, and this was reflected in an external valuation of the office and industrial properties, which lowered their values by 16 per cent and 19 per cent respectively, compared with the last external valuation in 1991.

Overall, however, property values rose by £9.7m, due to a 28 per cent increase in values of out-of-town retail centres, and increases in overseas property.

The company has also reinstated a property development programme, but it is proceeding only where sufficient pre-sales and pre-lets can be achieved. It has only £10m tied up in development projects.

The port operations contributed operating profit of £3.8m, but suffered a further £1.22m from voluntary severance costs.

The company's net debt has increased by £33m to £369.1m, as a result of the buy-out of the minority shareholders in Manchester Ship Canal last year.

Gearing amounts to 116 per cent, but interest payable fell from £37.2m to £36.1m, due to lower interest rates.

Last November, the company issued £37.4m of 8.59 per cent long-term bonds, and its fixed average borrowing cost is now 10.05 per cent.

The recommended final dividend of 3.2p makes a total of 4.5p (4p) for the year. Earnings per share were 6.11p (2.41p).

Furniture side helps Hampson to £4m

By Caroline Southey

A [illegible] in [illegible] in [illegible] furniture division of Hampson Industries, [illegible] Bromwich-based [illegible] diversified industrial group, contributed to a 75 per cent rise in pre-tax profits from £2.42m, [illegible] for FRS 3, to £4.23m in the year to [illegible] 31 [illegible].

The increase in profits was [illegible] charges [illegible] £1.39m, which included a goodwill write-off of £987,000 following the closure [illegible] Clearway Aluminium, [illegible] only division in the company involved in the construction industry.

Operating profits rose from £4.39m to £6.28m with continuing operations up 34 per cent at [illegible] (£4.95m). Turnover advanced [illegible] £91.5m (£79.1m) with £90m (£78m) from continuing operations. Gearing at the year end was reduced to 36 per cent (46 per cent).

Mr Ray Way, chairman, said the group's financial position continued to strengthen and borrowings were "well under control".

The furniture division, Ian Walker Furniture, hit by sterling's realignment last year, saw margins restored and sales increase to help push operating profits in the consumer goods division up from £77,000 to £1.53m on turnover of £38.9m (£33.3m).

International demand helped sales at Erlson Engineering, a supplier of turbocharger components, increase by 18 per cent while hardening commodity prices and better customer demand helped trading conditions in the aluminium refining division. Total operating profits for the industrial goods division rose from £4.59m to £4.71m on turnover of £43.1m (£37.8m).

Mr Way said diversification [illegible] in [illegible] precision engineering [illegible] margins continued [illegible] be under pressure and order intakes were down because of cuts in [illegible] expenditure. [illegible] gramme [illegible] under [illegible] shift [illegible] customer [illegible] Bellhouse Hartwell and BHW (Components) and penetrate the [illegible].

A final [illegible] 1.5p (1.2p) [illegible] (1.6p) total. Earnings were 3.06p [illegible].

Invesco raises £19m as Japan trust opens

By Scheherazade Daneshkhu

Invesco has so far raised £19m from a placing of shares in its Japan Discovery Investment Trust.

The size of the trust has been capped at £70m, with the minimum set at £20m. The public offer, which opened yesterday, ends on July 29 and dealings begin on August 8.

The new trust will invest in smaller Japanese companies for long-term capital growth. The Japanese investment trust sector has been the focus of substantial enthusiasm so far this year.

Earlier this month, Schroders' new Japan [illegible] Investment Trust, investing in a broad range of companies, was oversubscribed by £2.8m after raising [illegible] full £125m. Fidelity Japanese Values, a smaller companies trust, raised £105m.

Invesco already runs two Japanese unit trusts, and the new investment trust will be managed by [illegible] Tokyo-based fund managers.

Shares are issued at 100p, with one warrant attached to every [illegible] shares. Issue expenses have been capped at 4.9 per cent.

Sage enhances market position with acquisition

By Paul Taylor

Sage Group, the Newcastle-based accounting [illegible] company, [illegible] significantly enhanced [illegible] market position and product portfolio through the acquisition of Multisoft Financial Systems for an initial £4m in [illegible].

Sage will make additional payments to the vendors of up to a maximum of £2.5m subject [illegible] sales performance in [illegible] period up to September 30 next year.

The acquisition, which will be paid for [illegible] of [illegible] balances, will supplement [illegible] traditional market strength in providing personal computer accounting software mainly for small [illegible].

[illegible] leading supplier of accounting [illegible] ness software for [illegible] and larger companies and [illegible] currently developing a new [illegible] designed [illegible] run on the "open-system" client/server [illegible] being rapidly introduced in larger companies. This new software will be launched later this year.

Commenting on the deal, Mr David Goldman, Sage's chairman, said, "We regard [illegible] acquisition of [illegible] as being very important [illegible] overall strategy. [illegible] move consolidates our coverage of the UK accounting market. I am particularly excited about the client/server [illegible]bility which [illegible] will bring [illegible] group."

The accounting [illegible] for multi-user [illegible] systems for medium and larger companies [illegible] characterised by more expensive, higher added-[illegible] products which [illegible] lored [illegible] the [illegible] tomer. There is no dominant supplier in this large segment [illegible] the market at present.

Multisoft, which employs [illegible] people in Alton, Hampshire, [illegible] up in [illegible] and [illegible] the subject of [illegible] management buy-out in 1990. It [illegible] client [illegible] more [illegible] per cent [illegible] companies with annual [illegible] than [illegible].

In the year to June 30, Multi[illegible] operating profits [illegible] sharply [illegible] "not [illegible] than" [illegible] on sales of about [illegible] (£4.48m). The [illegible] being acquired [illegible] a book [illegible] £1.2m.

David Goldman: important [illegible] in terms [illegible] overall [illegible]

Marks and Spencer sales receive overseas spur

First-quarter sales for Marks and Spencer, the retailer, in north America, continental Europe and east Asia were up on last year and particularly good in Hong Kong and the International Franchise Group, Sir Richard Greenbury, chairman, told the annual meeting.

He added that sales in the UK were "up to expectations".

The group is to open two new stores, in Paris and Valencia, in the autumn and is investigating the possibility of moving into Japan and China.

The pace of expansion in the UK was "accelerating", said Sir Richard, with plans for capital expenditure of more than £1bn over the next three years. In the past year capital expenditure reached "a new high of £350m." the group had "the biggest footage expansion programme in [its] history".

M&S shares rose 8p to 414p.

NEWS DIGEST

Storehouse sees year of progress

Sales [illegible] Storehouse, the BhS and Mothercare retail chain, were 5 per cent ahead in the first quarter, Mr Ian Hay Davison, the chairman, told the annual meeting.

Costs remained under control, he said, and operating profits were ahead of the same period last year. Although it was too early for a profit forecast, he was confident the year would be one of "significant progress". For the year to April 2 1994 Storehouse reported pre-tax profits of £62.4m (£15.2m).

Cortecs signs Japanese agreement

Cortecs, [illegible] biotechnology company [illegible] recently gained [illegible] listing, [illegible] an exclusive agreement for distribution in Japan of its detection kits for Helicobacter Pylori, the bacterium involved in the development of peptic ulcers.

Zenyaku Kogyo, a Japanese pharmaceuticals company with sales of $160m (£105.2m) last [illegible], will undertake the regis[illegible] for the kits and has agreed "significant" [illegible] payments [illegible] Cortecs. The agreement [illegible] £20m over the first seven [illegible] in Japan.

Heiton at I£0.73m after provision

A fall in pre-tax profits from I£1.75m [illegible] (£725,000) was announced by Heiton Holdings, [illegible] Dublin-based [illegible] stockholder, builders' [illegible] and DIY retailer, for the [illegible] to April [illegible].

Although turnover improved [illegible] I£67m (I£61.7m) operating profits were lower at I£2.49m (I£2[illegible]). [illegible] was [illegible] exceptional provision [illegible] I£984,000 [illegible] reduce the carrying value of the investment in Consolidated Holdings.

Earnings per share worked through at 0.57p (3.66p) and the dividend for the year is held at 2p with an unchanged final of 1.35p proposed.

EFM Japan Trust advances 19%

EFM Japan Trust, managed by Edinburgh Fund Managers and launched in July 1992, raised net asset value by 19 per cent from 158p [illegible] 188p in the 12 months to May 31.

The increase compared with an 8.7 per cent increase in the Tokyo First Section Index in sterling terms, while there has been an overall rise of 96.7 per cent since the launch.

Following a recent change in its managers brand name from EFM to Edinburgh, the company intends to change its name to Edinburgh Japan Trust.

After-tax loss for the year to May 31 was £28,000 (£62,000 profit for 51 weeks) and losses per share were 0.28p (0.62p earnings).

Fleming Intl High maintains pay-out

The net asset value per share of the Fleming International High Income Investment Trust stood at 46.8p at the year ended May 31, [illegible] per [illegible] improvement on [illegible] level [illegible] 42.3p a year ago but marginally down from the 48.5p at which it stood six months previously.

A same again final dividend of 2.5675p maintains the total at 3.5675p on earnings of 3.22p (3.99p) per share. Available revenue fell from £4.45m to £3.6m.

Mosaic Invs studies flotation [illegible] offshoot

[illegible] Investments, the display products, [illegible] and marketing services group, said yesterday that to maximise shareholder value it was considering floating the Copyright Promotions Group, its wholly-owned subsidiary.

Under the proposals Mosaic would retain a significant minority interest in CPG and the latter's managers would be substantial shareholders.

Equity Consort net [illegible] advance

Equity Consort Investment Trust reported net [illegible] value per ordinary share of 700.4p at April 30, against 657.5p a year ago. The figures per deferred shares were 1200.9p, compared with 1115.1p.

For the year to the end of April attributable profits were £1.4m (£1.45m). Earnings per ordinary [illegible] 24.81p (25.47p) and 40.02p (41.35p) per deferred share.

Final dividends are proposed [illegible] 13.8375p per ordinary share [illegible] 27.075p per deferred for totals of 24.9p [illegible] per ordinary and 40.2p (40.125p) per deferred.

The company is also proposing a 1-for-1 capitalisation issue for both classes of shares and the issue of warrants on the basis [illegible] 1-for-13.47055 ordinary [illegible] 1-for-7.95140 deferred.

London coffee hit by a $188-a-tonne 'correction'

By Deborah Hargreaves

Coffee prices staged a sharp correction yesterday when the London market responded to a [illegible] downturn in New York on Wednesday. The September futures [illegible] the London Commodity Exchange slipped by $188 to [illegible] in moderate trading.

"A [illegible] the business has been liquidations," [illegible] one trader, "people are getting out [illegible] the market and staying out [illegible] developments."

In the final minutes of trading on Wednesday night, arabica coffee futures at the Coffee, Sugar and Cocoa Exchange in New York suddenly went into reverse, turning a 20-cent rise into a 4-cent fall on the day at $2.41 a pound. If the London market had fallen by an equivalent amount, nearby positions would have lost over $500 a tonne.

London traders said the New York market was setting the tone for trading. It declined again yesterday, the September position reaching $2.39 a pound by midday.

The sell-off was heavily influenced by technical chart activity and by worried speculators who thought the market might have seen its peak. Rumours that Brazil was about to re-open registrations prior to starting exports again added to the uncertain mood in the market. Brazil halted exports earlier this [illegible] assess the frost damage to next year's crop.

In the meantime, several coffee companies announced increases in their consumer prices in response to the recent rapid run-up in the [illegible] markets. In the US, a division of Nestlé raised ground coffee prices by 13 per cent and in Germany roasters hiked some prices by 28 per cent.

But Mr Alexandre Beltrao, executive director of the International [illegible] Organisation, said the price rises should not [illegible] consumption [illegible] coffee remained a cheap drink.

Aluminium club's membership remains limited

By Kenneth Gooding, Mining Correspondent

Aluminium producing countries taking part in [illegible] unprecedented international agreement [illegible] cut global production have not been able to find a formula that would enable Brazil, the Gulf [illegible] and Venezuela to be included.

Only delegates from the original six participants – Australia, Canada, the 12-nation European Union negotiating as one, Norway, Russia and the US – are to attend the monitoring meeting in Canberra, Australia, on July 20 and 21.

There is also some disquiet in the aluminium industry about the degree of Russian commitment to the agreement. Its two senior negotiators at previous trade talks, Mr Georgi Gabounia, a deputy minister in the Ministry for Foreign Economic Relations, and Mr Igor Prokopov, head [illegible] the country's aluminium industry [illegible]ciation, are believed not to be attending the Canberra meeting.

However, one delegate suggested Mr Gabounia's absence was [illegible] he had [illegible] promoted and [illegible] was hoped that both men would [illegible] replaced at the meeting by [illegible]ple [illegible] equivalent [illegible].

[illegible] to cut its annual aluminium production by 500,000 tonnes in [illegible] 200,000-tonne tranche [illegible] have [illegible] completed by the end [illegible] this month. [illegible] delegates [illegible] the most [illegible] at the meeting next week will be the question of how much Russian production has been cut [illegible] far and what the [illegible] to impress upon the [illegible] they should [illegible] by [illegible] commitments. There [illegible] indications, how[illegible] that [illegible] Russians have started [illegible] supply production figures to the International Primary Aluminium Institute, the London-based organisation which collates [illegible] for [illegible] industry.

[illegible] meeting last January, [illegible] estimated that worldwide annual output cuts of between 1.5m and [illegible] tonnes for two [illegible] were [illegible] bring [illegible] aluminium market [illegible] into balance. Since then western companies have announced planned [illegible] of [illegible] than 1m [illegible] and [illegible] have begun [illegible] fall. Prices have responded by jumping by about 50 per cent and recently touched the highest level for 40 months.

Nevertheless, the European industry in particular remains disappointed that some important aluminium producing countries not represented at the trade talks have failed to make cuts. It has been pressing for Brazil, the Gulf States and Venezuela to be invited to future talks on the grounds that their reluctance to share the industry's pain by cutting output by about 10 per cent is understandable because they did not take part in the original discussions.

However, US trade delegates strenuously resisted any broadening of the scheme on the advice of Justice Department lawyers, who are worried about anti-trust problems. The more countries involved in the scheme, the more it might look like an illegal cartel, the lawyers argue. It was for this reason that Japan, one of the biggest aluminium consuming nations, was excluded from the negotiations although it asked to join in.

- Two Gulf Arab aluminium producers said yesterday that they had no immediate plans to change their combined output of about 690,000 tonnes annually, reports Reuter from Manama, Bahrain.

But Mr Gudvin Tofte, chief executive of Aluminium Bahrain (Alba), said the company's management was watching the market before making any decision on whether to change Alba's current output of around 445,000 tonnes per year.

"We are watching the situation day by day. . . watching the price and what other producers are doing," he said. "Based on these developments, we will adjust our output. We will wait and see for a while."

Another Gulf Arab producer, Dubai Aluminium Company (Dubal), said it would maintain its current output.

"Dubal is not planning a cut in its current production of around 245,000 metric tonnes annually," said Chief Executive Edward Ian Rugeroni.

Delegates optimistic following 'constructive' rubber pact talks

Delegates [illegible] key [illegible] rubber producing [illegible]ing nations concluded three days [illegible] informal talks yesterday expressing optimism that [illegible] global pricing pact [illegible] achieved [illegible] year, reports Reuter from Kuala Lumpur.

The high-level working [illegible] meeting in Kuala Lum[illegible] held ahead of UN-sponsored [illegible] in [illegible] in [illegible] to renegotiate [illegible] International Natural [illegible] Agreement.

"The informal [illegible] have [illegible] constructive. I am optimistic [illegible] reach [illegible] agreement in October," said European Union delegate Mr [illegible] Taylor.

The working group [illegible]prises [illegible] producers [illegible]esia, Malaysia and Thailand, and [illegible] consumers, Japan, [illegible] EU and the [illegible].

Delegates said UN rubber pact negotiating president Mr Peter Lai also appeared optimistic that a deadlock over pricing would be resolved at the Geneva talks.

The rift between growers and consumers over the key pricing issue blocked efforts to conclude negotiations on a new Inra in Geneva in April.

Consumers, led by the United States, want no change in the reference price, which has remained at 196.84 Malaysian/Singapore cents a kilogram since the first pact was agreed in 1979. The reference price is used to calculate when buffer stocks can be bought or sold in the market. Producers say inflation and the rising costs of production since 1979 both warrant an increase in the reference price.

"We both understand each other's positions better now after having frank talks," Mr Taylor said. Other delegates thought the same. "[illegible] sympathetic to each [illegible] position," [illegible] But [illegible] producers were still [illegible] a higher [illegible] price.

Malaysia, the [illegible] third largest producer of rubber, has said a higher reference price would encourage small [illegible]ers to stay in business [illegible] ensure long-term supplies. It argues that rubber's [illegible] temporary.

The talks [illegible] held as [illegible] International Natural Rubber Organisation's buffer [illegible] selling [illegible] in an effort [illegible] in prices.

The EU [illegible] early [illegible] in [illegible] maximum market impact. Buffer [illegible] manager Mr [illegible] Hofmeister responded [illegible] selling an undisclosed amount of rubber in several markets, beginning [illegible] Friday, from [illegible] warehouses [illegible] Britain, China, Malaysia [illegible] Indonesia. Mr Taylor hoped [illegible] rubber prices would ease following Inro's intervention. "EU member [illegible] would think it is illogical to pay for a buffer [illegible] if it [illegible] not work," he said.

Rubber prices should [illegible] down "in [illegible] week [illegible] days", [illegible] Mr [illegible] Inro's [illegible] have [illegible] far [illegible] tain [illegible] five-day moving aver[illegible] price, which [illegible] on Wednesday [illegible] 233.35 Malaysian/Singapore [illegible] a kilogram from [illegible].

Pulp industry awaits Canadian labour board ruling

By Bernard Simon in Toronto

British [illegible] Labour Relations Board [illegible] ruling today on [illegible] dispute between wood pulp mills and their unions that could have an important bearing on world pulp prices and on the investment climate for forestry companies on Canada's [illegible].

[illegible] whether to allow employers to negotiate a new labour [illegible] with their [illegible] on a mill-by-mill basis, or [illegible] bow [illegible] the demands of the unions for the [illegible] of the present system of industry-wide [illegible].

No matter which [illegible] the [illegible], industry executives and analysts [illegible] high [illegible] quent [illegible] on [illegible] new labour [illegible] will end in [illegible]. Mr [illegible] Hay-Roe, analyst [illegible] Equity [illegible] Vancouver, [illegible] "we [illegible] probability [illegible] sort of shutdown".

[illegible] quarter of [illegible] pulp production, with [illegible] bulk of output coming from British [illegible]. Fears [illegible] mills [illegible] contributed [illegible] an unexpectedly [illegible] spiral in pulp prices this year. Producers are about to raise the price of northern bleached softwood kraft pulp, the industry staple, to US$620 a tonne, from about US$390 last autumn.

Many pulp mills have begun to ration sales. According to a trader at MC Forest, a Vancouver-based subsidiary of Japan's Mitsubishi, demand is especially strong from South Korea, Italy [illegible] northern Europe.

The labour [illegible] on the heels [illegible] numer[illegible] initiatives [illegible] the left-of-[illegible] provincial government [illegible] left the BC forestry industry deeply demoralised. They include moves to protect a higher proportion of forests from logging, tighter regulations on forestry [illegible] and other environmental restric[illegible].

Employers contend [illegible] mill-by-mill bargaining [illegible] required [illegible] introduce more flexible [illegible] practices, rather than [illegible] wages. "It's one [illegible] those [illegible] issues [illegible] major companies," [illegible] group [illegible]. [illegible] predicted [illegible] if the decision [illegible] against [illegible] industry, companies would [illegible] a lot [illegible] about what they put their money into here".

The stakes for the two unions that represent the mill workers are also high as they struggle to adapt to competition from countries where costs are lower.

The unions' dilemma was illustrated at a loss-making Newfoundland newsprint mill operated by Abitibi-Price earlier this week. Workers decided to let the company close one newsprint machine, with the loss of 370 jobs, rather than agree to reopen their labour contract to accommodate more [illegible] work practices.

MARKET REPORT

Copper's break out pulls other base metals higher

COPPER prices broke up out of their recent ranges at the London Metal Exchange yesterday afternoon, pulling other metals higher.

Fresh speculative interest [illegible] a rise [illegible] triggered stop-loss buying [illegible] a tonne for [illegible] delivery. The price [illegible] up [illegible] being trimmed [illegible] $2,478 in [illegible] hours trading. [illegible] expectations of a further decline in LME warehouse stocks were supportive.

ALUMINIUM tracked copper but was not able fully to match its gains as there is a sizeable [illegible] area stretching up [illegible] the $1,550 a tonne level for the three months position, which closed [illegible] $1,52.50, up $10.

Three months ZINC finally broke above $1,000 a tonne as the bullish enthusiasm of cop[illegible] and aluminium spilled over. Stop-loss buying took the price up to the day's high, with final business at $1,006, a $12 gain.

LEAD [illegible] steadier, although three months metal continued to meet stubborn resistance near the $600-a-tonne level. It finished at [illegible], up $4.

Compiled from Reuters

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, [illegible] PURITY ($ per tonne)

	Cash	3 mths
Close	1525-6	1542-3
Previous	1514-5	1532-3
High/low		[illegible]
AM Official	1519.5-20.5	1536.5-7.0
Kerb close		1538-9
Open int.	291,410	
Total daily turnover	43,897	

■ ALUMINIUM ALLOY ($ per tonne)

Close	1510-5	1530-5
Previous	1505-15	1525-35
High/low		1535
AM Official	1515-20	1530-5
Kerb close		1535-60
Open int.	[illegible]	
Total daily turnover	[illegible]	

■ LEAD ($ per tonne)

Close	[illegible]	[illegible]
Previous	582-4	594-5
High/low		600/595
AM Official	586-7	597.5-8.0
Kerb close		594-5
Open int.	42,025	
Total daily turnover	[illegible]	

■ NICKEL ($ per tonne)

Close	6290-300	6380-5
Previous	6260-70	6350-5
High/low		6420/6360
AM Official	6285-90	6375-8
Kerb close		6350-60
Open int.	59,468	
Total daily turnover	[illegible]	

■ TIN ($ per tonne)

Close	5365-75	5425-35
Previous	5310-20	5390-400
High/low		[illegible]
AM Official	5349-50	[illegible]
Kerb close		5430-5
Open int.	19,197	
Total daily turnover	[illegible]	

■ ZINC, special high grade ($ per tonne)

Close	971.5-2.5	995-6
Previous	968-9	992-3
High/low		1006/992
AM Official	969-70	993.5-4.0
Kerb close		1006-7
Open int.	102,374	
Total daily turnover	18,612	

■ COPPER, grade A ($ per tonne)

Close	[illegible]	[illegible]
Previous	2429-30	2447-8
High/low	2450.5	[illegible]
AM Official	[illegible]	[illegible]
Kerb close		2476-8
Open int.	232,791	
Total daily turnover	[illegible]	

■ LME AM Official £/$ rate: 1.5555
LME Closing £/$ rate: 1.5620

Spot:1.5620 3 mths:1.5611 6 mths:1.5611 9 mths:1.5605

■ HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	Low	Open int	Vol
[illegible]	112.15	+1.95	112.30	111.00	2,108	288
Aug	112.30	+1.80	112.00	112.00	897	7
Sep	[illegible]	[illegible]	[illegible]	111.45	31,181	[illegible]
[illegible]	112.40	[illegible]	-	-	324	-
Nov	110.20	-	-	-	245	-
Dec	111.45	[illegible]	111.80	110.30	9,365	315
Total					49,981	[illegible]

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (Troy oz.)	$ price	£ equiv.
Close	383.00-383.30	
Opening	383.30-383.70	
Morning fix	384.00	245.540
Afternoon fix	384.20	244.638
Day's High	384.60-385.00	
Day's Low	381.75-382.25	
Previous close	[illegible]	

Loco Ldn Mean Gold Lending Rates (Vs US$)

[illegible]	4.10	[illegible] months	4.61
2 [illegible]	[illegible]	12 months	5.03
3 months	4.30		

Silver Fix	p/troy oz.	US cts equiv.
Spot	330.10	[illegible]5
3 months	334.25	522.50
6 months	338.45	528.05
1 year	348.70	544.50

Gold Coins	$ price	£ equiv.
Krugerrand	388-391	248-250
Maple Leaf	394.80-397.30	-
New Sovereign	90-93	58-61

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]	383.9	+0.5	-	-	186	[illegible]
Aug	384.4	[illegible]	386.7	382.0	66,180	29,035
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.) — [illegible]

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.) — [illegible]

■ SILVER COMEX (100 Troy oz.; Cents/troy oz.) — [illegible]

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel) — [illegible]

■ CRUDE OIL IPE ($/barrel) — [illegible]

■ HEATING OIL NYMEX (42,000 US galls; c/US galls) — [illegible]

■ GAS OIL IPE [illegible]

	Sett price	Day's change	High	Low	Open int	Vol
Aug	157.00	-1.00	158.75	156.00	1,345	7,738
[illegible]	[illegible]	[illegible]	161.50	[illegible]	[illegible]	[illegible]
[illegible]	163.25	-0.50	164.50	161.75	11,773	1,645
[illegible]	165.00	-0.75	166.00	165.00	10,028	186
Dec	166.75	-0.50	167.50	166.25	8,051	343
[illegible]	[illegible]	-0.50	168.25	167.25	[illegible]	440
Total					12,558	14,944

■ NATURAL GAS NYMEX (10,000 mmBtu; $/mmBtu.)

	Latest price	Day's change	High	Low	Open int	Vol
Aug	1.970	-0.030	2.000	1.965	15,246	6,642
Sep	2.020	-0.026	2.050	2.010	13,194	2,607
Oct	2.070	-0.014	2.085	2.067	9,977	698
Nov	2.160	-0.014	2.175	2.180	9,975	457
[illegible]	2.265	-0.007	2.275	2.260	14,559	580
Jan	2.285	-0.005	2.275	2.260	9,769	523
Total					109,301	12,289

■ UNLEADED GASOLINE
NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
[illegible]	54.75	+0.23	55.20	54.35	43,368	15,774
[illegible]	54.92	+0.28	55.25	54.50	21,502	8,058
[illegible]	53.65	[illegible]	53.80	53.50	8,385	4,488
Nov	[illegible]	-0.20	52.40	51.90	7,485	1,245
Dec	56.90	-0.25	57.25	56.85	4,107	438
Jan	57.02	-			1,959	103
Total					87,774	30,110

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Sep	102.65	-0.50	102.50	102.30	399	[illegible]
Nov	103.40	-0.60	103.50	[illegible]	2,348	70
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ WHEAT CBT (5,000bu min; cents/60lb bushel) — [illegible]

■ MAIZE CBT (5,000 bu min; cents/56lb bushel) — [illegible]

■ BARLEY LCE (£ per tonne) — [illegible]

■ [illegible] CBT (5,000bu min; cents/60lb bushel) — [illegible]

■ SOYABEAN OIL CBT (60,000lbs; cents/lb) — [illegible]

■ SOYABEAN MEAL CBT (100 tons; $/ton) — [illegible]

■ POTATOES LCE [illegible]

■ FREIGHT (BIFFEX) LCE ($10/index point) — [illegible]

Wool
Stockpile sales quotes for July and August under Garnaut disposal scheme have now been met, and September and October are coming under pressure. This is seen as a bullish sign ahead of resumption of Australian wool sales ten days from now. Semi-official and trade forecasts agree on the probability that next season will be a good one, with price averages usefully above this season and no chance of a return to the low points of 1993. Holidays in wool using countries mean that trading conditions at present are dull and there is also caution among manufacturers and retailers in assuming that prices will rise to new peaks from the start. Dollar weakness tends to cause some softness in the pricing of semi-manufactures and merchanted wool just at present.

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Jul	1019	-28	[illegible]	1013	1,298	72
[illegible]	[illegible]	-25	[illegible]	[illegible]	[illegible]	1,693
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ COCOA CSCE (10 tonnes; $/tonnes) — [illegible]

■ COCOA (ICCO) (SDR's/tonne) — [illegible]

■ COFFEE LCE ($/tonne) — [illegible]

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs) — [illegible]

■ COFFEE (ICO) (US cents/pound) — [illegible]

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs) — [illegible]

■ WHITE SUGAR LCE ($/tonne) — [illegible]

■ SUGAR '11' CSCE (112,000lbs; cents/lbs) — [illegible]

■ COTTON NYCE (50,000lbs; cents/lbs) — [illegible]

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs) — [illegible]

VOLUME DATA
Open Interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

Jul 14	Jul 13	month ago	year ago
[illegible]	2133.2	2032.0	1701.7

■ CRB Futures (Base: 1967=100)

Jul 13	Jul 12	month ago	year ago
231.80	226.31	236.61	214.57

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Aug	69.175	+0.325	69.350	68.875	27,247	13,637
[illegible]	71.700	-0.050	71.750	71.175	20,379	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ LIVE HOGS CME (40,000lbs; cents/lbs) — [illegible]

■ PORK BELLIES CME (40,000lbs; cents/lbs) — [illegible]

LONDON TRADED OPTIONS

Strike price $ tonne — Calls — — Puts —

■ ALUMINIUM (99.7%) LME — [illegible]

■ COPPER (Grade A) LME — [illegible]

■ COFFEE LCE

3600	[illegible]	[illegible]	[illegible]	444
3650	[illegible]	[illegible]	[illegible]	[illegible]
3700	[illegible]	606	[illegible]	[illegible]

■ COCOA LCE

	[illegible]	[illegible]	[illegible]	Dec
[illegible]	55	[illegible]	29	[illegible]
1050	32	61	55	94
1100	17	62	90	[illegible]

■ BRENT CRUDE IPE

	Aug	Sep	Aug	Sep
1700	-	-	-	29
1750	46	91	-	47
1800	3	64	-	[illegible]

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/Sep) [illegible]

[illegible]	$16.58-6.68w	[illegible]
Brent Blend (dated)	$18.24-8.26	[illegible]
Brent Blend (Sep)	[illegible]	-0.12
W.T.I. (1pm est)	[illegible]	[illegible]

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

Premium Gasoline	$186-188	+2.0
Gas Oil	$154-155	-1.0
Heavy Fuel Oil	[illegible]	+1.0
Naphtha	[illegible]	+1.5
Jet fuel	[illegible]	

Petroleum Argus Estimates

■ OTHER

Gold (per troy oz)♣	$383.15	-1.05
Silver (per troy oz)♣	[illegible]	-5.00
Platinum (per troy oz.)	$408.25	
Palladium (per troy oz.)	[illegible]	+0.15
Copper (US prod.)	114.0c	
Lead (US prod.)	34.80c	
Tin (Kuala Lumpur)	13.83m	-0.02
Tin (New York)	250.50c	+2.00
Zinc (US Prime W.)	Unq.	
Cattle (live weight)†	121.53p	+0.38*
Sheep (live [illegible])	97.25p	-2.72*
Pigs (live weight)	74.76p	-2.03*
Lon. day sugar (raw)	$293.70	+0.40
Lon. day sugar (wte)	$335.00	-3.00
Tate & Lyle export	£299.00	
Barley (Eng. feed)	£98.50t	-0.5
Maize (US No3 Yellow)	$143.5	
Wheat (US Dark North)	£180.0	
Rubber (Aug)♥	84.00p	+2.5
Rubber (Sep)♥	82.00p	+1.0
Rubber KL RSS No1 Aug	318.0m	+3.5
Coconut Oil (Phil)§	$582.5z	
Palm Oil (Malay.)§	$492.5q	+5.0
Copra (Phil)§	$400.0	
Soyabeans (US)	£176.0q	-1.0
Cotton Outlook 'A' [illegible]	80.40c	
[illegible] (64s [illegible]	421p	-2

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. t July/Aug. q Aug. z Aug/Sep. w Sep. ♥ London Physical. § CIF Rotterdam. ♣ Bullion market [illegible] † Sheep (Live weight prices). * Change on week, provisional prices.

CROSSWORD

No.8,506 [illegible] by CINCINNUS

ACROSS
1 Leader of Falangists, commanding officer, managed to get in (6)
4 [illegible] about to make a mistake (4,2)
8 Delays [illegible] by [illegible] (4-3)
9 I arrive for [illegible] in a warm coastal area (7)
11 Deceived by tall grass, [illegible] last was first (10)
12 Continuing pain [illegible] to be content (4)
13 Top of class, given lines before gym, is seen in cell below (5)
14 Writer of features, say, is taking part (8)
16 [illegible] parish priest [illegible] a new church in Advent (8)
18 Behold a pair of bridge partners making advances (5)
20 Don't work for one's bread (4)
21 Discriminating individual (10)
23 A girl's name; is she French? (7)
24 Dash back with a German for part-exchange (5-2)
25 People who are agreeable but sycophantic initially in an Arab country (3-3)
26 Not so bad, nut and herb (6)

DOWN
1 A chap coming up with a list of plants [illegible]
2 Car's taken by learner inside so as to be heard (7)
3 Drinks supplied from café spout? (4,2,3)
5 Scottish landowner in retreat before duke (5)
6 It's expensive to take a graduate in the first place (7)
7 Things bought in super cash deal (9)
10 Wheels round before appearing in another place (9)
13 Company with piety in abundance (9)
15 Continue doggedly, having been a metal trader without energy? (7,2)
17 Beams, in reverse alphabetical order (7)
19 Separated, and sure [illegible] reunited (7)
21 It beats leguminous plants (5)
22 [illegible] sort of timber everyone's started burning (5)

Solution 8,505

JOTTER PAD

LONDON STOCK EXCHANGE

MARKET REPORT

Overseas buying drives FT-SE Index to 3,050

By Terry Byland, UK Stock Market Editor

Buyers from continental Europe were out in force in London again yesterday, driving share prices ahead against a background of strong gains in bond markets following benign retail sales figures from the US. Confidence in the recovery in the UK economy, encouraged this week by the latest producer price data, has been emphasised for overseas investors by sterling's weakness against the German D-Mark, according to market strategists.

The closing reading [illegible] FT-SE Index at 3,050.4, for a gain on the day of 45.1. Equity chartists pointed out that the Footsie had recovered an important testing level, which was last seen in the first half [illegible] June. The December futures contract, which had lain the train for the explosion in the stock market, reached 3,078 in after hours trading.

The stock market was very firm from the opening and extended its gains on favourable trading comments from Marks and Spencer, the leading British high street retailer. Interest in the retail sector was also kindled by the bid by Tesco, second largest UK food retailer, for [illegible] Low, the Scottish food group. [illegible] market hours, Sainsbury, the most likely name to contest Tesco's move, said it would make a [illegible]ment "in due course", thus whetting market appetites for a bid battle.

The [illegible] peak [illegible] day [illegible] FT-SE gain moved to 30 points after the news that US retail sales had risen by only 0.6 per cent in June. This reduced worries over the strength of the US economic recovery, [illegible] therefore over the danger of a tightening [illegible] Federal Reserve policy.

But the final boost came from a strong rise in German bond futures which caused UK gilts to move [illegible] sharply, leading [illegible] exhaustion of three recent taplet stocks. Led by a rapidly expanding premium on the Footsie December future contract, the stock market [illegible]red ahead in the final minutes of the session. Further encouragement came from the gain of 30 points in the Dow Industrial Average early in [illegible] session on Wall Street.

Traders admitted that London marketmakers have been caught out by the sudden bullish turn in the market and [illegible] prices had been subjected to a powerful "squeeze" as the big securities houses struggled to buy stock.

However, it was clear that the [illegible] in sterling has rendered UK stocks [illegible] the [illegible] buyers [illegible] have been making the running this week.

At the [illegible] time, London benefited from the relaxation of tensions in the dollar following both the US retail sales figures and also comments from Mr Tietmeyer, president of the Bundesbank.

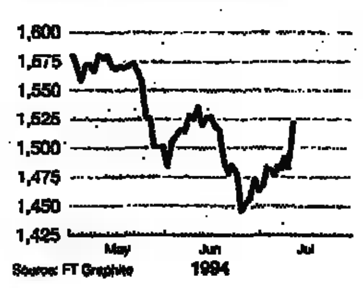
Trading volume, as measured through Seaq, the electronic trading system, increased [illegible] 733.2m shares, with non-Footsie [illegible] making up a moderate 55 per cent of the total. On Wednesday, 720.8m shares traded were worth £1.43bn in retail, or genuine customer business.

Oil shares continued to forge ahead on the back of strong buying from the US but most other dollar [illegible] the market as the [illegible] currency remained uninspired. There were gains among defence industry stocks as the market absorbed the latest plans for the UK armed forces. However, leisure and [illegible] stood out, as expectations of revived personal spending in the UK took hold.

Account Dealing Dates		
*First Dealings:		
Jul 4	Jul 18**	n/a
Option Declarations:		
Jul 14	Jul 28	n/a
Last Dealings:		
Jul 15	[illegible]	[illegible]
Account Day:		
Jul 25	n/a	n/a

*New time dealings may take place from two days earlier. **New 10-day settlement system starts

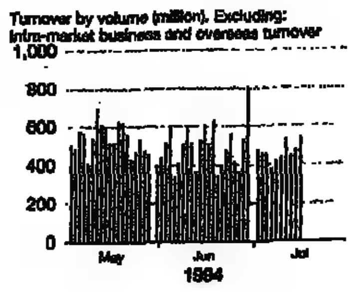
FT-SE-A All-Share Index



Source: FT Graphite

Equity Shares Traded

Turnover by volume (million). Excluding: intra-market business and overseas turnover



■ Key Indicators

Indices and ratios

FT-SE 100	3050.4	+45.1
FT-SE Mid 250	3529.7	+36.0
FT-SE-A 350	1534.2	+21.1
FT-SE-A All-Share	[illegible]	[illegible]
FT-SE-A All-Share yield	3.88	[illegible]
FT Ordinary Index	2393.4	+35.1
FT-SE-A Non Fins p/e	[illegible]	[illegible]
FT-SE 100 Fut Sep	[illegible]	+55.0
10 yr Gilt yield	8.21	[illegible]
Long gilt/equity yld ratio:	2.16	(2.17)

Best performing sectors

1 Breweries .... +2.84
2 Retailers, Food .... +2.64
3 Extractive Industries .... +2.42
4 Water .... +2.29
5 Telecommunications .... +2.10

Worst performing sectors

1 Building & Constr. .... -0.22
2 Health Care .... +0.15
3 FT-SE SmallCap ex IT .... +0.32
4 FT-SE SmallCap .... +0.40
5 Merchant Banks .... +0.46

Retailer bid battle looms

Food retailers were enlivened by an affair that started the day looking like a gentlemen's arrangement but ended with the prospect of a full-scale takeover battle. Supermarket ch[illegible] share [illegible] bid for Dundee-[illegible] chain William Low; [illegible] in [illegible] topped [illegible] bid, prompting immediate speculation of rival bids.

Analysts cited J. Sainsbury as having an interest because of its relatively small presence in Scotland. But the market was stunned by an announcement from the group that it was "reviewing" the bid and would make a formal statement shortly. This was followed, after the market closed by a formal statement that Sainsbury's was "requesting information from Wm Low and is considering its position". Mr Bill Myers, retail analyst with Yamaichi said: "I am very surprised - if it goes ahead it will be the first time ever that Sainsbury's has made a hostile bid." There was also talk of Argyll, [illegible] of Safe[illegible] supermarkets, making an offer although the group said there was "no foundation at all in the idea." Low's shares soared 57 to 226p, Argyll gained a penny to [illegible] Sainsbury's [illegible] 10½ to [illegible] and [illegible] 10½ to [illegible].

GUS disappoints

Full-year profits from [illegible] Universal [illegible] largely as [illegible] failed [illegible] include [illegible] long [illegible] share buy-back. Disappointed analysts downgraded [illegible] exceptionally high turnover of 7.2m.

Profits came in [illegible] £518.9m against forecasts of £517m and last year's £475m. The final dividend increased to 9p from 7.56p previously.

Nevertheless, with analysts estimating the cash pile at around £1.5bn the main shock was that the company declined to buy back some of its shares. Buy-back hopes have seen the share price tick up by 6 per cent in the past five trading days and traders expected profit-taking to continue if strong hints of a buy back were not given.

BZW took the stock off its buy list [illegible] analyst Mr Tony [illegible] saying "They need [illegible] something more positive about realising shareholder value." And Hoare Govett moved its recommendation to overvalued while shading its current year forecast to £575m. Analyst Ms Emma Burdett said: "Clearly there [illegible] disappointment [illegible] there was [illegible] buy-back. Medium term it remains [illegible]sibility but [illegible] in [illegible] price."

Rank upgraded

Shares in Rank Organisation, jumped 13 [illegible] 405p, in heavy trading [illegible] 7.1m [illegible] analysts upgraded full [illegible] profit expectations, following robust interim results.

[illegible] by [illegible] to £127.9m [illegible] tations, and [illegible] pointed [illegible] stronger than anticipated contribution from Rank Xerox in which Rank holds a [illegible] per [illegible].

[illegible] full [illegible] by [illegible] urged [illegible] to buy [illegible]. Nomura lifted [illegible] by [illegible].

NatWest Securities [illegible] its [illegible] and [illegible] predicting profits of [illegible].

Thorn EMI, closed unchanged at 1074p having [illegible] most of the session [illegible] on [illegible] that it might not announce demerger plans at today's annual meeting.

Fading [illegible] of a summer price war among tour operators boosted Airtours 8 to 470p.

Food and drinks group Allied-Lyons gained 13 to 566p after forming a joint venture with Kunick to launch outlets that combine eating and video and gaming machines. Kunick improved ¾ to 14¼p.

Retailer Marks & Spencer lifted 10½ to 416½p after an upbeat annual meeting and a recommendation from chart analysts at James Capel who saw a target of 480p over the next few months.

Glaxo rallied [illegible] 557p on [illegible] that the pharmaceuticals [illegible] was [illegible] out of [illegible]cial management and disbanding its in-house investment arm following big [illegible] in [illegible]. There [illegible] strong [illegible]lation [illegible] PDFM, [illegible] ment arm of UBS, was poised to take on a significant amount of Glaxo's portfolio.

Media conglomerate Pearson recovered 26 [illegible] hopes that [illegible] Time Warner [illegible] MAI will [illegible] for [illegible] new fifth TV channel. Some analysts [illegible]tioned [illegible] although it had [illegible] good chance it would be trying [illegible] slice [illegible] advertising pie that [illegible] already keenly [illegible]. The [illegible] also [illegible] from [illegible] positive analysis from Hoare [illegible] and talk [illegible] recommendation from Goldman Sachs.

Bank note printer De La Rue rose 32 [illegible] 951p as rumours resurfaced that [illegible] the company might secured a contract for printing US dollars. De La Rue declined to comment.

A firmer oil price boosted Enterprise Oil and BP. The former improved 11 to 431p, while the latter hardened 7 to 402p.

Defence related issues rose strongly [illegible] UK [illegible]ment announced [illegible] orders worth [illegible].

Engineering group Vickers, which secured an £800m order to supply 259 battle tanks firmed 4 to 174p. Ship builder Vosper Thornycroft which is to supply seven [illegible] to the Royal Navy jumped 22 to [illegible]. British Aerospace, now lead contractor [illegible] the mid-life [illegible] for the Tornado aircraft, added 7 [illegible].

[illegible] benefit included Smiths Industries 6 up at [illegible] VSEL, [illegible] up to [illegible] and GEC, 8 ahead at [illegible].

British Steel was boosted by a profits upgrade from its broker UBS. The shares put on another 4 to 159p as the securities [illegible] current-year profits [illegible] by [illegible] and penciled in profits of [illegible] for the year [illegible]. UBS cited [illegible] in European [illegible] a positive trading [illegible] this month from stain-[illegible] Sweden, in which British [illegible]. NatWest [illegible] £400m [illegible] Wednesday.

A stock overhang in Blue Circle, which this [illegible] analysts visit, [illegible] trailing [illegible] 317p. Utilities [illegible] boosted by [illegible] strong performance in bond [illegible]. Thames Water [illegible] 8 to [illegible] while Severn Trent fin-[illegible] 11 ahead [illegible] 500p. South West gained 15 to 510p.

Electricity stocks were also helped by the decision of the electricity regulator [illegible] reform [illegible] electricity pool pricing system. Norweb jumped 17 [illegible] 651p, while Northern Electricity advanced 17 to [illegible].

MARKET REPORTERS:
Peter John,
Joel Kibazo.

■ Other statistics, Page 20

NEW HIGHS AND LOWS FOR 1994

NEW HIGHS (29).
BLDG MATLS & MCHTS (1) CAMAS, ELECTRNC & ELECT EQUIP (4) Kershaw (A), Nokia Prf., Pifco, TGI, ENGINEERING (1) Brit. Steel, EXTRACTIVE INDS (8) Anglo Am. Coal, Cons. Murchison, Gencor, Impala Platinum, Western Areas, Willoughby's, FOOD MANUF (1) Kerry A, GAS DISTRIBUTION (1) Flogas, INSURANCE (1) Lombard, INVESTMENT TRUSTS (6) LEISURE & HOTELS (1) Northern Leis. Deb. 98/01, PRTNG, PAPER & PACKG (1) Sappi, RETAILERS, FOOD (1) Low (W). TRANSPORT (1) P&O 5½pc. Pfd., AMERICANS (1) Amer. Cyanamid, SOUTH AFRICANS (1) SASOL.
NEW LOWS (101).
BUILDING & CNSTRN (6) AMEC 6½p Prf., Crest Nichol, Lovell (Y.J), Raine, Tay Homes, Tilbury Douglas, BLDG MATLS & MCHTS (1) Wickes, CHEMICALS (1) Camentone, DISTRIBUTORS (1) Enterprise Comp., ELECTRNC & ELECT EQUIP (2) Gestetner, Tunstall, ENG. VEHICLES (1) Syltone, EXTRACTIVE INDS (3) Orion, Portman, World Fluids, FOOD MANUF (1) Canadian Pizza, HEALTH CARE (3) Bespak, Tamaris, Tepnel Diagnostics, HOUSEHOLD GOODS (1) Fine Decor, INSURANCE (21) INVESTMENT TRUSTS (12) INVESTMENT COMPANIES (6) LEISURE & HOTELS (1) Prism, MEDIA (4) Barbour Index, CentreGold, Sterling, Trinity Intl., OIL EXPLORATION & PROD (1) Europe Energy, OTHER FINANCIAL (3) Energy Capital, London Forfaiting, Rathbone Bros., OTHER SERVS & BUSNS (1) Brit. Bloodstock, PHARMACEUTICALS (1) Utd. Energy Wrts., PRTNG, PAPER & PACKG (3) Brit. Thornton, Clondalkin, Inveresk, PROPERTY (6) Belton, Elsco, Facal, Folkes, Peel, Smith (J), RETAILERS, GENERAL (6) Ashley (L), Betterware, Carpetright, Colorvision, DFS, Rossbys, SUPPORT SERVS (9) ESM, DRS Data Res., Learmonth & Burchett, MR Data Management, Macro 4, Microgen, Poone, Quality Software, Vistec, TEXTILES & APPAREL (3) Claremont Garments, Jones Stroud, Leeds, WATER (1) York Waterworks, AMERICANS (3) Anheuser-Busch, Colgate-Palmolive, Morgan (JP).

EQUITY FUTURES AND OPTIONS TRADING

Derivatives markets moved ahead strongly in heavy trading towards the close of official business yesterday, writes *Terry Byland*. Dealers said that the impetus had come from sudden demand for German bond futures, but this quickly produced demand for [illegible] bond and equity futures.

At the official close of trading, the FT-SE [illegible] future contract stood at 3,070, a premium of 23 points to the cash market, with fair value now at around 5 points. Later trading saw a further gain.

The demand from continental European buyers was sparked off by the favourable response to the latest retail sales figures from the US, and from the gains in US Federal bonds which followed the announcement.

In traded options, there was [illegible] activity in the FT-SE [illegible] the impending expiry of the July option [illegible] volume jumped [illegible] 17,285 from just over 12,000 in the previous session and the Euro FT-SE option recorded 5,033 deals. The sector as a whole traded 51,056 contracts [illegible] 31,343 on Wednesday. Among the individual [illegible] the actives [illegible] contracts. Food [illegible], alerted by [illegible] for Wm Low, attracted [illegible] 3,167 [illegible], Argyll 3,260 and Storehouse 1,509. Sainsbury, regarded as a potential rival bidder for Wm Low, traded 1,028.

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	[illegible]	High	Low	Est. vol	Open int.
Sep	[illegible]	3070.0	+55.0	[illegible]	[illegible]	[illegible]	49901
Dec	[illegible]	3097.0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

Sep	[illegible]	+48.0	3530.0	3500.0	91	[illegible]

■ FT-SE MID 250 INDEX FUTURES (OMLX) £10 per full index point

Sep	3535.0	836

All open interest figures are for previous day. † Exact volume shown.

■ FT-SE 100 INDEX OPTION (LIFFE) (*3046) £10 per full index point

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

Calls 2,731 Puts 2,407 * Underlying index value. Premiums shown are based on settlement prices. † Long dated expiry months.

TRADING VOLUME

■ Major Stocks Yesterday

FT - SE Actuaries Share Indices — The UK Series

	Jul [illegible]	Day's chge%	Jul 13	Jul [illegible]	Jul 11	Year ago	Div. yield%	Earn. yield%	P/E ratio	Xd adj. ytd	Total Return
FT-SE 100	[illegible]	+1.5	3005.3	2963.9	2963.8	[illegible]	4.06	6.69	17.15	68.66	1141.16
FT-SE Mid 250	[illegible]	+1.0	[illegible]	[illegible]	[illegible]	[illegible]	3.49	5.86	20.68	72.61	1304.74
FT-SE Mid 250 ex Inv [illegible]	[illegible]	+1.0	[illegible]	3471.1	[illegible]	[illegible]	3.64	6.33	18.12	75.32	1303.03
FT-SE-A 350	[illegible]	+1.4	[illegible]	[illegible]	1502.8	[illegible]	3.93	6.65	17.83	33.21	1174.87
FT-SE [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1634.46	3.15	4.35	30.16	29.65	1376.64
FT-SE SmallCap ex Inv Trusts	[illegible]	+0.3	1754.33	1752.58	[illegible]	[illegible]	3.33	4.80	27.88	30.69	1358.22
FT-SE-A ALL-SHARE	[illegible]	+1.3	[illegible]	[illegible]	[illegible]	[illegible]	3.88	6.49	18.36	32.42	1185.13

■ FT-SE Actuaries All-Share

	Jul 14	Day's chge%	Jul 13	Jul 12	Jul 11	Year ago	Div. yield%	Earn. yield%	P/E ratio	Xd adj. ytd	Total Return
10 MINERAL EXTRACTION(18)	[illegible]	+1.4	2614.65	2572.95	2570.48	2193.20	3.43	4.42	[illegible]	[illegible]	[illegible]
12 Extractive Industries(4)	[illegible]	+2.4	3572.91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	23.39	[illegible]	[illegible]
[illegible]	2604.06	+1.2	[illegible]	2627.38	2520.69	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1058.74
16 Oil Exploration & Prod(11)	1965.27	+1.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.24	80.00†	20.34	1126.81
20 [illegible] MANUFACTURERS(264)	[illegible]	+1.2	[illegible]	1950.13	1952.73	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible] Building & Construction(32)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.71	[illegible]	[illegible]	[illegible]
22 [illegible]	[illegible]	+0.7	[illegible]	[illegible]	1961.96	1623.80	[illegible]	[illegible]	31.25	[illegible]	[illegible]

■ Hourly movements

■ FT-SE Actuaries 350 Industry baskets

LONDON EQUITIES

LIFFE EQUITY OPTIONS

FT GOLD MINES INDEX

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	63	[illegible]	[illegible]
Other Fixed Interest	9	3	3
Mineral Extraction	66	51	63
General Manufacturers	189	[illegible]	385
Consumer Goods	56	35	101
Services	117	70	316
Utilities	36	3	[illegible]
Financials	143	59	[illegible]
Investment Trusts	245	[illegible]	[illegible]
Others	57	40	39
Totals	960	372	1300

Data based on those companies listed on the London Share Service.

TRADITIONAL OPTIONS

Calls: Aminex, Auto Sec Pf, Blacked Hodge Pf, Brent Walker Pf, Costain, Division Grp, Minmet, Ovoca Res, Regent Cp, Rhino, Tullow, Wembley, World Fluids. Puts: Aminex, Minmet, Ovoca Res, Tullow, World Fluids. Puts & Calls: Mirror Grp, Rhino.

LONDON RECENT ISSUES: EQUITIES

[illegible] price p	[illegible] paid up	Mkt. [illegible] (£m.)	High	Low	Stock	[illegible] price p	+/-	[illegible] div.	Div. [illegible]	[illegible]	[illegible]
100	F.P.	32.1	[illegible]	[illegible]	Baillie Gifford Shn C	103½		-	-	-	-
[illegible]	F.P.	[illegible]	45	43	‡Biocure	[illegible]		-	-	-	-
[illegible]	F.P.	[illegible]	114	106	Bloomsbury Pb	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
150	F.P.	[illegible]	[illegible]	[illegible]	CPL Aromas	158		[illegible]	2.4	[illegible]	15.1
[illegible]	F.P.	54.2	[illegible]	98	Chesterton Intl	106		[illegible]	1.8	[illegible]	[illegible]
[illegible]	F.P.	50.8	[illegible]	43	[illegible]	45		-	-	-	-
220	F.P.	107.9	[illegible]	220	Eurodollar	220		WN8.5	0.9	[illegible]	[illegible]
-	F.P.	-	35¼	30¼	Five Arrows Wts	31¼		-	-	-	-
-	F.P.	76.9	93	90	Fleming Indian	91½	+½	-	-	-	-
-	[illegible]	[illegible]	[illegible]	42	Do Warrants	[illegible]	+1	-	-	-	-
225	F.P.	[illegible]	[illegible]	225	[illegible]	229	[illegible]	LN8.9	[illegible]	[illegible]	8.0
	[illegible]	[illegible]	[illegible]	182	JBA	182		[illegible]	4.1	[illegible]	[illegible]
-	F.P.	-	[illegible]	83	[illegible]	[illegible]	-1	-	-	-	-
3	F.P.	[illegible]	3½	3	John Mansfield	[illegible]		-	-	-	-
-	F.P.	[illegible]	[illegible]	94	J'son Fry Euro	95½		b5.2	-	[illegible]	-
120	F.P.	[illegible]	130	125½	Norcor	127		[illegible]	[illegible]	[illegible]	10.6
100	[illegible]	67.2	[illegible]	[illegible]	Old Mutual SA	[illegible]	[illegible]	-	-	-	-
-	F.P.	[illegible]	45	43	Do Warrants	44½	+½	-	-	-	-
-	F.P.	-	[illegible]	[illegible]	Oryx Fund	[illegible]		-	-	-	-
-	F.P.	[illegible]	[illegible]	[illegible]	Redrow	122		WN2.7	2.5	2.8	16.5
-	F.P.	116.2	[illegible]	91	Schroder Japan G	93	+½	-	-	-	-
-	F.P.	12.0	[illegible]	42	Do Warrants	[illegible]	+1	-	-	-	-

RIGHTS OFFERS

410	Nil	18/8	54pm	39pm	Cater Allen	[illegible]	+4
-	Nil	[illegible]	105pm	61pm	[illegible]	[illegible]	+24
[illegible]	Nil	22/8	1¾pm	1½pm	[illegible]	1½pm	
68	Nil	9/8	78pm	[illegible]	Hewtel Whiting	70pm	-1
24	[illegible]	25/7	2¾pm	2pm	[illegible]	2pm	-½
70	Nil	[illegible]	13pm	[illegible]	‡Learmonth & Brchtt	[illegible]	-4
70	Nil	[illegible]	12pm	5pm	London Intl.	5pm	
[illegible]	[illegible]	21/7	6pm	3pm	Oriel	5pm	
9	Nil	3/8	¾pm	¾pm	Paramount	¾pm	
[illegible]	Nil	25/7	6½pm	1½pm	[illegible]	6½pm	
130	Nil	14/7	26pm	9pm	Ricardo	9pm	
[illegible]	Nil	5/8	3pm	¼pm	Wates City of Lon	¼pm	

FINANCIAL TIMES EQUITY INDICES

	July 14	July 13	July 12	July 11	July 8	Yr ago	*High	*Low
Ordinary Share	2393.4	2358.3	2332.1	2353.1	2331.4	[illegible]	2713.6	2240.6
Ord. div. yield	4.20	4.25	4.30	4.27	[illegible]	[illegible]	4.46	3.43
Earn. yld. % full	[illegible]	[illegible]	5.72	5.68	[illegible]	[illegible]	5.95	[illegible]
P/E ratio net	[illegible]	18.82	[illegible]	[illegible]	18.57	[illegible]	33.43	17.69
P/E ratio nil	19.83	[illegible]	[illegible]	[illegible]	[illegible]	23.99	[illegible]	18.61

*For 1994. Ordinary Share index since compilation: high 2713.6 2/02/94; low 49.4 26/6/40
FT Ordinary Share index base date 1/7/35.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2366.4	2364.0	2367.9	2369.8	2377.0	2379.5	2382.2	2379.9	2387.2	2393.5	2363.3

	July [illegible]	July [illegible]	July [illegible]	July 11	July 8	Yr ago
SEAQ bargains	[illegible]	[illegible]	[illegible]	23,211	20,530	27,170
Equity [illegible] (£m)†	-	[illegible]	1186.9	1172.7	1463.4	1439.5
Equity bargains†	-	[illegible]	24,148	28,021	23,598	31,371
Shares [illegible] (ml)†	-	543.2	487.4	[illegible]	540.3	555.0

† Excluding intra-market business and overseas turnover.

BANKS

Notes	Price	+ or -	1994 high	1994 low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro Fl	£21[illegible]	-[illegible]	£25½	£20[illegible]	6,306	5.1	Φ
ANZ A$	191¼	+3¼	278¼	179¾	2,552	4.8	14.8
Abbey National ♣N□	409	+2	523	381	5,368	4.3	13.7
Allied Irish I£ ♣N□	280	—	314	234	1,647	5.0	9.5
Anglo Irish I£ ♣N□	57xd	+2	*70	50	106.2	7.5	10.4
Asahi Y	800¼	+8¼	819¼	638	18,571	0.8	Φ
Banco Bil Viz Pta	£14[illegible]	+[illegible]	£16[illegible]	£14[illegible]	3,380	5.7	6.6
Banco Sant Pta	£30½	—	*£30½	223¼	4,608	4.7	10.8
Bk Ireland I£ ♣□	271xd	—	*319	246	1,277	4.8	7.8
Bank Scotland ♣N□	165	+6	247	172½	2,157	3.4	15.1
9¼pc Pf	119	+½	141½	114	119.8	9.7	-
9¾pc Pf	123½	+¼	148½	119¼	123.6	9.9	-
Barclays ♣N□	539	+7	640	487	8,769	3.5	22.3
Dai Ichi Kan Y	£12[illegible]	+[illegible]	£12[illegible]	£10[illegible]	37,760	0.4	66.9
Deutsche DM	£29[illegible]	+[illegible]	£344¼	£270[illegible]	14,224	2.0	-
Espirito Santo	£18[illegible]	+[illegible]	£28[illegible]	£17[illegible]	209.9	4.3	4.5
First Nat Fin N□	65	—	*90	60	187.8	2.9	-
6.3pc Cv Pf	78xd	-1	*90	77	5.24	10.1	-
7pc Cv Pf	129½xd	-1	171	123	61.5	6.8	-
Fuji Bank Y	1489¼	+6¼	1549¼	1152½	43,113	0.4	Φ
HSBC HK N□	712½	+7½	1133	680	12,488	4.1	10.3
HSBC (75p Shs) N□	698	+9	1113	680	5,902	4.2	10.1
Lloyds N□	538	+2	680	519	6,930	5.2	11.3
Mitsubishi Y	£18[illegible]	-[illegible]	£19[illegible]	£15⅝	48,524	0.3	Φ
Mits Tst & Bk Y	1028	-9¼	1162¼	687½	12,317	0.5	16.5
Mitsui Tst & Bk Y	789½	+19½	879	514	9,413	0.7	28.8
Nat Aust A$ †	525xd	+4¼	620¼	408¼	7,024	4.5	12.8
NatWest N□	454	+9	622	421	7,554	5.1	10.4
Ottomane FFr	223½	—	333	223½	117.5	6.2	Φ
Ryl Bk Scotland ♣†N□	387½xd	-4½	528	382½	3,168	3.8	18.0
Sakura Y	[illegible]	+[illegible]	[illegible]	[illegible]	38,193	0.6	56.9
Sanwa Y	£14[illegible]	-[illegible]	£15¾	£11[illegible]	40,782	0.4	Φ
Standard Chartd N□	257	+5	*359¼	223	2,489	2.9	11.3
7 3/8pc Prf	94	+½	108½	88¼	94.0	9.8	-
Sumitomo Y	£13[illegible]	-[illegible]	£16[illegible]	£11½	41,480	0.4	26.4
Sumitomo Tst Y	1028¼	+18	1146½	625	12,706	0.5	Φ
TSB †N□	205	+1	281	197	3,138	5.0	10.1
Tokai Y	[illegible]	+[illegible]	[illegible]	[illegible]	17,941	0.6	58.1
Toyo Tst & Bk Y	780¼	+19½	852	508¼	6,135	0.6	69.6
Westpac A$	217	+2	289	194	3,804	2.5	Φ
Yasuda Tst Bk Y ‡	803¼	-1¼	858	442	6,869	0.8	53.8

BREWERIES

Notes	Price	+ or -	1994 high	1994 low	Mkt Cap£m	Yld Gr's	P/E
Ascot Hldgs □	5½	—	10¼	5¼	20.4	-	-
Bass †N□	553½xd	+2½	619	495	4,826	4.7	14.5
Boddington N□	251	+1	298	250	304.5	4.0	14.0
Burtonwood N	179	+3	195	168	37.2	3.6	Φ
Eldridge Pope A ‡†N	150xd	-1	181	142	29.2	3.0	20.8
Fosters A$	58¼	-¼	65	48¼	1,617	5.8	56.8
Fuller STA	423	—	483	422	88.3	2.3	Φ
Gibbs Mew	416	—	429	373	28.7	2.5	20.6
Greenalls ♣†N□	407	+4	511	399	650.2	3.9	15.6
Greene King N□	453	—	594	452	191.6	3.6	Φ
Grosvenor Inns	135	—	*185	124	17.9	4.2	20.4

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

CHEMICALS

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ELECTRONIC & ELECTRICAL EQPT - Cont.

ENGINEERING

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

FOOD MANUFACTURERS

GAS DISTRIBUTION

HEALTH CARE

HEALTH CARE - Cont.

HOUSEHOLD GOODS

INSURANCE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

OTHER INVESTMENT TRUSTS

INVESTMENT COMPANIES

LEISURE & HOTELS

LEISURE & HOTELS - Cont.

LIFE ASSURANCE

MEDIA

MERCHANT BANKS

OIL EXPLORATION & PRODUCTION

OIL, INTEGRATED

OTHER FINANCIAL

OTHER SERVICES & BUSINESSES

PHARMACEUTICALS

PRINTING, PAPER & PACKAGING

PROPERTY

PROPERTY - Cont.

RETAILERS, FOOD

RETAILERS, GENERAL

SPIRITS, WINES & CIDERS

SUPPORT SERVICES

TELECOMMUNICATIONS

TEXTILES & APPAREL

TOBACCO

TRANSPORT

TRANSPORT - Cont.

WATER

AMERICANS

CANADIANS

SOUTH AFRICANS

	Notes	Price	+ or -	1994 High	1994 low	Mkt Cap£m	Yld Gr's	P/E
Tongaat-Hulett		670xd	+10	736¼	427½	566.9	2.3	18.7

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a member of the Financial Times Group.

Company classifications are based on those [illegible] Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status [illegible] the notes shown daily as a guide to yields and P/E ratios. [illegible] are published on Monday.

Market capitalisation shown is calculated separately for each line [illegible] quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset V[illegible] are shown [illegible] Investment Trusts, in pence per share, along [illegible] percentage discount [illegible] or premiums (Pm -) to the current [illegible] price. The NAV [illegible] assumes prior charges at par value, [illegible] converted and [illegible] exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
- • Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Figures or report awaited
- Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- Price at time of suspension
- Indicated dividend yield after pending scrip and/or rights issue.
- Merger bid or reorganisation in progress
- Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ϕ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat [illegible]
g Assumed [illegible] yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1994
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Figures based on IMR "Headline Earnings"
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures
Z Dividend [illegible]

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xf ex capital distribution

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £725 a year for each security shown, [illegible] to the Editor's discretion

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FT Cityline

Up-to-the-second share prices are available by telephone from the FT Cityline service. See Monday's share price pages for details.

An international service is available for callers outside the UK, annual subscription [illegible] stg.

Call 071-873 4378 (+44 71 873 [illegible] international) for more information on FT Cityline.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (¥) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (▲) - 1401 to 1700 hours; (#) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust [illegible] are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

Thornton Unit Managers Ltd - Contd.

Waverley Unit Tst Mngmt Ltd (1000)F
13 Charlotte Sq, Edinburgh

Whittingdale Unit Tst Mngmt Ltd (0830)F
2 Honey Lane, London EC2V 8BT

Woolwich Unit Trust Managers Ltd (1700)F
2 White Oak Square, Swanley BR8 7AG
Stockmarket Fd ... 5 | 76.30 | 76.30 | 81.18 | +0.86 | 1.59

OTHER UK UNIT TRUSTS

Baillie Gifford & Co Ltd
Int'l Exmt Jun 30 ... | 778.4 | 802.8 | — | 0.96

Baring Investment Mngmt Ltd
155 Bishopsgate, London EC2M 3XY

CAF - Charity Money Management

INSURANCES

AIG Life

Abbey Life Assurance Co Ltd

Abbey National Life Plc

Aegon Life Assurance Ltd

AEGON Life Assurance

Albany Life Assurance Co Ltd

Allied Dunbar Assurance Plc

American Life Insurance Co UK

Barclays Life Assurance Co Ltd

Black Horse Life Assurance

Britannia Life Group

Canada Life Group

Century Life Plc

City of Westminster Assurance

Clerical Medical/Fidelity Investments

Clerical Medical Investment Group

Colonial Mutual Group

Commercial Union Group

Confederation Life Insurance Co

Crown Financial Management Ltd

Eagle Star Life Assurance Co Ltd

Eagle Star Insur/Midland Assur

Equitable Life Assurance Society

Family Life Assurance Ltd

Friends Provident

Friends Provident - Contd.

Lancashire & Yorkshire Assce Society

Legal & General

Lifetime Assurance Co Ltd

London Life

London & Manchester

M & G Life and M & G Pensions

M & G Life and M & G Pensions - Contd.

Norwich Union Life Insurance Soc. - Contd.

Norwich Union Pensions Management Ltd

Pearl Assurance

Provident Life Assce Ltd

Providence Capitol Life Assurance Co Ltd

Provident Mutual Life Assurance Assoc.

Prudential Assurance Co

Prudential Individual Life Funds

Prudential Individual Life Funds - Contd.

Refuge Assurance

J Rothschild Assurance PLC

Royal Heritage Life Assurance Ltd

Royal Life Insurance Ltd

Royal Life Fund Mgmt

Royal Liver Assurance

Royal London

Scottish Amicable

Scottish Equitable plc

Scottish Life Investments

Save & Prosper Group

FT MANAGED FUNDS SERVICE

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Scottish Mutual Assurance plc

109 St Vincent St, Glasgow 041-248 6321

MANAGEMENT SERVICES

OFFSHORE INSURANCES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

OTHER OFFSHORE FUNDS

CURRENCIES AND MONEY

MARKETS REPORT

Modest rise for dollar

Rumours of a US invasion of Haiti and a firmer tone to the Treasury bond market helped the dollar finish stronger yesterday, *writes Philip Gawith.*

Analysts said the US currency had also benefited from a technical bounce-back which did not signal an interruption of the recent downward trend. The dollar is currently about 6 per cent lower against the yen and the D-Mark since the beginning of June.

The US [illegible] finished in London at [illegible] from DM1.5383 and [illegible] from [illegible].

The D-Mark had a quiet day with trade muted by holidays with the French market closed for Bastille day.

The Dutch central bank cut its special advances rate to 4.80 [illegible] cent [illegible] per [illegible] a four day money market pact it will launch [illegible] Friday.

[illegible] firmer [illegible] helped the sterling index rise to 79.2 from 79. The pound finished slightly higher against the D-Mark [illegible] from DM2.4069. Against the dollar, [illegible] closed at $1.564 from $1.566.

■ For dollar bulls, the best news lay in [illegible] firmer tone of bond markets, both in the US and Europe. In [illegible] months, one of the factors behind D-Mark strength – and dollar weakness – has been investors [illegible] holdings of European bonds and putting the proceeds into [illegible] deposits.

"If this is [illegible] turn in the bond markets, [illegible] positive for [illegible] dollar," [illegible] Mr Chris Turner, [illegible] "Anything [illegible] upward pressure off the D-Mark would have to be good for the dollar."

Part of the improved tone of bond markets may be attributable to improved interest rate expectations. Contrary to the rumours [illegible] an [illegible] and aggressive Fed tightening, which gripped [illegible] on Wednesday, [illegible] eurodollar contract rose by 13 basis points to finish at 94.07. This [illegible] the [illegible] is becoming [illegible] bearish in its interest rate outlook.

Mr Turner said [illegible] firmer dollar required that the Fed either moved to [illegible] restrictive monetary stance, from [illegible] more neutral position currently; or that evidence emerged about a slowdown in the economy, which would vindicate existing policies. The performance of the bond markets suggests the market believes it may be getting the latter.

Before [illegible] rumours emerged, the dollar had failed to gain any support from the release of the June retail sales figures which rose by 0.6 per cent, in line with market expectations. May retail sales figures were also revised down so the case for higher rates was, if anything, diluted.

[illegible] more [illegible] for [illegible] bulls – and testifying [illegible] the confused state of the market – [illegible] White [illegible] mid-session review which said the US was approaching full capacity slightly [illegible] than expected. Mr Adrian Cunningham, senior [illegible] mist [illegible] UBS in London, commented: "If the White House is thinking it, then almost certainly the Federal Reserve is thinking it too."

The [illegible] support from [illegible] Tiet[illegible] presi[illegible] told [illegible] lunch in Frankfurt that "the world economy has an interest in an internally and externally stable dollar."

But he [illegible] clear [illegible] prime responsibility for [illegible] dollar's strength lies in the US itself. The thesis current [illegible] the beginning of the seventies – it's our currency but [illegible] problem – is clearly too short-sighted," the Bundesbank president said. "It didn't do the US much good at the time either," he added.

The dollar received further support later from Mr Lloyd Bentsen, the Treasury secretary, when he said the US wanted a stronger dollar and would work with the Fed to achieve it.

Mr Cunningham said there were certainly investors who felt the dollar offered reasonably good medium term value at current levels. But it remained vulnerable on the downside against the yen, he said, so long as the US administration continued [illegible] tough talk on trade issues with Japan – most recently from Mr Jeffrey Garten, the [illegible] undersecretary of Commerce.

■ [illegible] ened after hearings in parliament's finance [illegible] failed [illegible] provide the [illegible] government [illegible] a [illegible] strategy [illegible] reducing [illegible] debt. The krona closed in London [illegible] SKr4.961 against the D-Mark from SKr4.34.

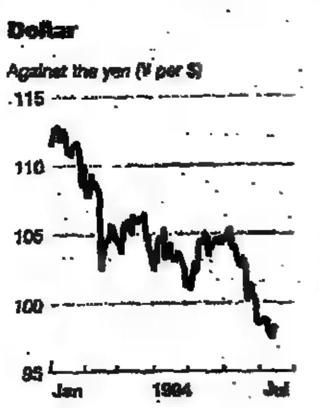
The market was more positive in its response to to Italy's [illegible] proposals [illegible] L8trn this year and L40trn next year. The lira finished slightly firmer [illegible] L990.5 from L992.5.

■ Although volumes were less buoyant [illegible], short sterling futures contin[illegible] their [illegible]. The December [illegible] 38,678 lots [illegible] points higher at 94 from 93.85. [illegible] were also firmer, [illegible] contract finishing at 95.12 from 95.05.

The Bank of England provided UK money markets with £1.091bn assistance after forecasting a shortage of £1.15bn. Overnight [illegible] between 4 and [illegible] money [illegible] slightly [illegible] 4.80/4.85 [illegible] from 4.90/5 per cent.

Dollar

Against the yen (¥ per $)



Source: Datastream

■ Pound in New York

Jul 14	Latest	Prev. [illegible]
£ spot	1.5620	[illegible]
[illegible]	1.5615	[illegible]
3 mth	1.5610	[illegible]
1 yr	1.5588	[illegible]

■ OTHER CURRENCIES

[illegible]	£	$
[illegible]	[illegible]	[illegible]
Iran	2743.00 - 2745.00	1748.00 - 1750.00
Kuwait	0.4626 - 0.4636	0.2960 - 0.2968
[illegible]	[illegible]	[illegible]
[illegible]	3154.68 - 3160.84	2017.00 - 2021.00
UAE	[illegible]	3.6715 - 3.6735

POUND SPOT FORWARD AGAINST THE POUND

[illegible]

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

[illegible]

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Jul 14		BFr	DKr	FFr	DM	I£	L	Fl	NKr
Belgium	(BFr)	100	[illegible]	16.65	4.856	[illegible]	[illegible]	[illegible]	21.24
Denmark	(DKr)	[illegible]	10	8.725	2.545	1.066	2521	[illegible]	11.13
France	(FFr)	[illegible]	11.46	10	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Germany	(DM)	20.59	3.929	[illegible]	1	[illegible]	990.6	1.121	4.373
Ireland	[illegible]	[illegible]	[illegible]	[illegible]	2.386	1	2365	[illegible]	10.44
Italy	[illegible]	2.079	0.397	[illegible]	0.101	0.042	100.	0.113	[illegible]

[illegible]

EMS EUROPEAN CURRENCY UNIT RATES

[illegible]

WORLD INTEREST RATES

MONEY RATES

[illegible]

EURO CURRENCY INTEREST RATES

[illegible]

UK INTEREST RATES

LONDON MONEY RATES

[illegible]

BASE LENDING RATES

[illegible]

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Jul 14 / Sch)

BELGIUM/LUXEMBOURG (Jul 14 / Frs.)

DENMARK (Jul 14 / Kr)

FINLAND (Jul 14 / Mkk)

FRANCE (Jul 13 / Frs.)

GERMANY (Jul 14 / Dm.)

NETHERLANDS (Jul 14 / Fls.)

NORWAY (Jul 14 / Kroner)

SPAIN (Jul 14 / Pts.)

SWEDEN (Jul 14 / Kronor)

ITALY (Jul 14 / Lire)

SWITZERLAND (Jul 14 / Frs.)

PACIFIC

JAPAN (Jul 14 / Yen)

AUSTRALIA (Jul 14 / Aust.$)

HONG KONG (Jul 14 / H.K.$)

MALAYSIA (Jul 14 / MYR)

SINGAPORE (Jul 14 / S$)

NORTH AMERICA

CANADA

TORONTO (Jul 14 / Can $)

4 pm close

MONTREAL (Jul 14 / Can $)

4 pm close

AFRICA

SOUTH AFRICA (Jul 14 / Rand)

Prices supplied by Telekurs

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are for 1994, except Toronto & Montreal (daily). # Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

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TOKYO - MOST ACTIVE STOCKS: Thursday, July 14, 1994

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Mitsui Co	8.8m	880	+38	Hitachi	4.3m	1020	+10
Mitsubishi Oil	6.4m	1180	-20	Toshiba	3.9m	784	+4
Mitsubishi Hvy	5.6m	809	+9	Green Cross Corp	3.7m	1200	+60
Kumagai Gumi	4.6m	533	+16	Tokyo Dep Store	3.6m	829	+54
Alain Seiki	4.5m	1510	+150	Daimaru	3.2m	893	+32

INDICES

Argentina; Australia; Austria; Belgium; Brazil; Canada; Chile; Denmark; Finland; France; Germany; Greece; Hong Kong; India; Indonesia; Ireland; Italy; Japan; Malaysia; Mexico; Netherlands; New Zealand; Norway; Philippines; Portugal; Singapore; South Africa; South Korea; Spain; Sweden; Switzerland; Taiwan; Thailand; Turkey; WORLD; CROSS-BORDER

** Sat July 9 : Taiwan Weighted Price 6185.27: Korea Comp Ex 956.38. Base values of all indices are 100 except: Australia All Ordinary and Mining - 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall; Toronto Comp./Metals & Minerals and DAX - all 1,000; JSE Gold - 255.7; JSE 20 Industrials - 264.3; NYSE All Common - 50 and Standard and Poor's - 10. $$ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours index: Jul 14 - 2070.71 +19.46

US INDICES

Dow Jones; Industrials; Home Bonds; Transport; Utilities

DJ Ind. Day's high 3738.27 (3726.32) Low 3680.89 (3680.80) (Theoretical)

Day's high [illegible] (3709.35) Low 3696.81 (3672.39) (Actual)♦

Standard and Poor's

	Jul 13	Jul 12	Jul 11	1994 High	1994 Low	Since compilation High	Since compilation Low
Composite‡	448.73	447.95	[illegible]	482.00 (2/2)	438.92 (4/4)	482.00 [illegible]	4.40 [illegible]
Industrials¶	523.23	522.27	521.04	580.59 (2/2)	510.05 (21/4)	580.59 (2/2/94)	[illegible] (21/6/32)
Financial	44.38	44.28	44.48	48.94 [illegible]	41.39 [illegible]	48.49 [illegible]	8.64 [illegible]
NYSE Comp.	247.86	[illegible]	247.59	267.71 [illegible]	[illegible]	[illegible]	4.46 (28/4/42)
Amex Mkt Val	427.73	425.69	424.77	487.89 (2/2)	422.57 (25/6)	487.89 (2/2/94)	29.31 (9/12/72)
NASDAQ Comp	718.36	709.59	708.83	803.93 (18/3)	693.79 (24/6)	803.93 (18/3/94)	54.87 (31/10/72)

RATIOS

	Jul 8	Jul 1	Jun 24	Year ago
Dow Jones Ind. Div. Yield	2.74	2.79	2.75	2.98

	Jul 13	Jul 6	Jun 29	Year ago
S & P Ind. Div. yield	2.47	[illegible]	[illegible]	2.56
S & P Ind. P/E ratio	22.93	22.72	23.10	[illegible]

STANDARD AND POORS 500 INDEX FUTURES $500 times index

	Open	Latest	Change	High	Low	Est. vol.	Open Int.
Sep	[illegible]	450.30	+0.75	450.65	449.35	58,653	204,875
Dec	-	452.15	-	-	-	238	11,733
Mar	-	455.70	-	-	-	52	2,144

Open interest figures are for previous day.

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Close price	Change on day
Ford Motor	5,276,500	32⅞	+⅞
Regency Hlth	4,695,000	9¼	-5⅜
Eli Lilly	3,519,200	48⅝	+1⅛

TRADING ACTIVITY

● Volume (million)

	Jul 13	Jul 12	Jul 11
New York SE	285.829	241.889	217.783
Amex	[illegible]	13.321	12.380
NASDAQ	313.158	223.234	201.426

CAC-40 STOCK INDEX FUTURES (MATIF) Jul 13

	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
Jul	1960.0	1979.0	+32.0	1980.0	1954.0	[illegible]	[illegible]
Aug	1969.5	1987.5	+32.0	1987.5	1965.5	[illegible]	[illegible]
Sep	1977.5	1995.0	+31.5	1997.0	1973.0	[illegible]	25,294

Open interest figures for previous day.

♦ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ¶ Subject to official recalculation.

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

4 pm close July 14

1994 High	1994 Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close	Chge Prev. Close
17⅜	13⅛	AAR	0.48	3.5	462	88	14	13⅞	13⅞	
16⅞	13	A L Labs A	0.18	1.3	31	59	13¾	13½	13½	+⅛
73	57⅝	AMP	1.68	2.3	25	3150	72¼	71¾	72	-⅛
72¾	52⅛	AMR			31	4376	63⅛	61¾	62⅞	+½
5	3⅛	ARX			12	25	3¼	3¼	3¼	
56⅛	38⅝	ASA	2.00	4.4	29	525	45	44¾	45	+⅛
31⅞	25⅞	AbbtL x	0.76	2.7	16	14881	28⅛	27⅝	27¾	+⅛
13⅞	11⅞	Abitibi Pr	0.50	4.1	8	233	12¼	12⅛	12¼	+⅛
23⅝	17¾	ABM Ind	0.52	2.7		272	19¼	19	19⅛	-⅛
13⅞	11⅛	Acptncsh			24	20	13½	13⅜	13⅜	
31	22¾	ACE Ltd	0.44	1.9	3	150	23⅝	23¼	23⅝	+⅛
12½	10⅛	ACM Gvt In	1.09	10.1		410	11	10⅞	10⅞	-⅛
10⅛	7⅞	ACM GvOpp	0.80	9.8		62	8⅛	8⅛	8¼	
10⅝	8	ACM Gvt Sp	0.96	11.6		214	8⅛	[illegible]	8⅛	+⅛
12	9⅛	ACM Gvt Se	1.09	11.5		639	9⅝	9⅜	9½	+⅛
11¾	8¾	ACM Man	1.08	11.7		733	9¼	9	9¼	+¼
9¼	8	ACM Managd	0.72	8.9		58	8¼	8⅛	8⅛	-⅛
15½	8¾	AcmeCle	0.44	3.9	14	31	11⅜	11	11⅜	+¼
9¼	6½	Acme Elect			5	63	8¼	8	8	-¼
28¾	23	Acordia	[illegible]	2.2	13	57	27	26⅞	26¾	-½
9⅜	5¾	Actava	[illegible]	4.1	2	161	8⅞	8¾	8¾	-⅛
15⅝	11¼	Acuson			100	284	13¼	12⅞	13⅛	+⅛
18⅜	16½	Adams Expr	[illegible]	2.8	0	288	[illegible]	17	17⅛	
64	46½	Ad Micro	[illegible]	5.5		32	[illegible]	54¾	54¾	-¾
31¾	16¾	AdvMic	[illegible]	11.5	11	9930	27	26	26	-¾
8⅞	5	Advest Grp	[illegible]	3.0	8	42	5¼	5⅛	5¼	+⅛
20	15	Advo Inc	[illegible]	0.8	114	3	17⅛	17	17⅛	
57¼	49⅜	Aegon ADR	[illegible]	5.3	12	154	55⅝	54½	55⅝	+1⅛
65¾	48¾	AetnaL	[illegible]	4.8	8	4551	57	55¼	57	+1¼
34⅞	25¾	Aflac	[illegible]	1.3	14	1378	u34⅞	34⅜	34⅜	-⅛

Continued on next page

4 pm close July 14

NYSE COMPOSITE PRICES

Continued from previous page

1994 High	Low	Stock	Div	Yld. %	P/ E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
6½	4⅞	SafewayW96				80	6¼	6¼	6¼	
57⅞	47¾	StJoePaper	0.20	0.4	300	104	57	55¾	57	+1⅜
30¼	25	StJoeLP	1.80	7.1	12	102	25½	25⅜	25½	+⅛
[illegible]	37¾	StPaul	1.50	3.7	4	[illegible]	40¾	40¼	40¾	+½
[illegible]	6	Salant Crp			[illegible]	86	6¼	6⅛	[illegible]	
[illegible]	34¾	Sallie Mae	[illegible]	4.0	7	2563	35⅝	d34⅝	35⅛	-⅛
[illegible]	11⅞	Salomon Br	[illegible]	2.3		458	12⅜	12¼	12¼	-⅛
52¾	43	Salomn	0.64	1.4	6	4348	44½	44⅛	44¼	+⅛
25	17½	SaDgGE	1.52	7.8	10	679	19⅝	19⅜	19½	+¼
10	7½	SantaFeEle	[illegible]	1.7	9	1894	9⅝	9⅜	9½	+⅛
15¼	13½	SFeGd				1741	14	13⅞	14	
40	31½	SantaFePac	2.80	8.1	16	42	34⅝	34½	34⅝	
26¾	18½	[illegible]	0.10	0.5	10	5467	20	19⅝	19⅞	
35	19⅝	[illegible]	0.64	3.0	14	28965	21¼	19⅝	21¾	+1¾
50⅛	42⅛	Scana Corp	[illegible]	6.4	11	529	43⅞	43¼	[illegible]	+½
20½	12½	Scecrp	[illegible]	7.8	8	12635	12⅞	d12½	[illegible]	+¼
40½	31¾	SchererRP			26	421	34⅜	33½	34¼	+¾
69⅜	54½	SchPl	2.04	3.3	14	4861	62½	62	62½	+¼
[illegible]	50¾	Schlmb	[illegible]	1.9	[illegible]	[illegible]	62	60⅜	62	+⅞
[illegible]	23¾	Schwab(C)	[illegible]	1.1	[illegible]	[illegible]	26¼	25½	26⅛	+⅝
10¾	6⅛	Schwitzer			25	85	8⅞	8½	8⅞	+½
39⅜	24⅞	SciAtl	0.12	0.3	70	3683	36	35¼	35¼	+⅝
[illegible]	13	Scotman	[illegible]	0.7	13	8	14⅜	14⅛	14⅜	+⅜
[illegible]	37¼	ScottP	0.80	[illegible]	18	5856	51⅝	50¾	51⅜	+⅜
28⅝	[illegible]	ScuddrNAsF	0.21	[illegible]		105	22⅞	22⅜	22⅞	+⅝
[illegible]	8½	[illegible]	[illegible]	1.6		[illegible]	10⅛	[illegible]	10¼	+⅛
18¼	13½	SeaCnB	0.70	4.4	7	9	15⅞	15⅞	15⅞	+⅜
18½	14⅞	SeaC1 4625	[illegible]	9.4		9	15⅞	[illegible]	15⅝	+⅛
32	28¼	Seagrm	0.56	1.8	39	5703	30½	30	30½	+½
[illegible]	28	[illegible] En			35	250	27⅞	27⅝	27¾	+⅜
[illegible]	26⅝	[illegible] Air			[illegible]	[illegible]	[illegible]	[illegible]	29½	+⅝
55⅞	[illegible]	SearsR	1.60	3.4	7	[illegible]	48	46¾	47½	+⅞
13¾	11¼	Seligm Sel	0.84	6.9		118	12⅜	12¼	12¼	

NASDAQ NATIONAL MARKET

4 pm close July 14

AMEX COMPOSITE PRICES

4 pm close July 14

AMERICA

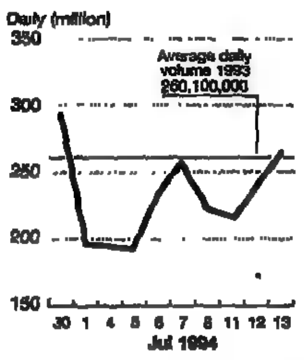
Bonds and dollar lift Dow higher

Wall Street

A sharp [illegible] in [illegible] and a rally in the dollar [illegible] US share prices post big gains [illegible] the board yesterday morning, *writes Patrick [illegible] in New York.*

By 1pm, the Dow Jones Industrial Average [illegible] up 30.43 at 3,734.71. The more broadly based Standard & Poor's [illegible] was [illegible] [illegible] at the halfway stage, up [illegible] at 453.34, while the American Stock Exchange Composite [illegible] 2.36 higher at [illegible] and the Nasdaq composite up [illegible] at [illegible]. Trading [illegible] on the NYSE was [illegible] by 1pm.

NYSE volume



[illegible] days of minimal movement from blue-chip stocks, [illegible] prices took off in the morning, fuelled by a surprising rally in the recently-depressed bond [illegible]. By early afternoon, the benchmark 30-[illegible] government [illegible] was up more than a point, and the yield down [illegible] per cent. The gains in bonds were prompted by a variety of factors, including rumours of a US military invasion of [illegible] (later denied by the Pentagon), strong [illegible] demand, and short-covering by [illegible].

The key [illegible] in the bond market's advance, however, were yesterday's economic releases. First, [illegible] weekly jobless claims [illegible] a bigger-than-expected [illegible] in the [illegible] state unemployment insurance, [illegible] June [illegible] figures came [illegible] weaker than forecast. Together, [illegible] it suggested [illegible] economy might not [illegible] as strong as feared.

Stock market investors, who might normally have been depressed by [illegible] economic [illegible], chose to ignore the implications of [illegible] and focused [illegible] on the [illegible] in bond prices, and [illegible] sharp drop in long-term [illegible] as measured by [illegible] 30-year yield. [illegible] modest [illegible] in [illegible] value of the dollar – which [illegible] climbed [illegible] just before 1pm – [illegible] prices.

Chrysler [illegible] in early trading [illegible] announcing [illegible] second quarter profits of $956m, up from [illegible] a year ago. Although the stock later gave up some of its gains, Chrysler [illegible] still up [illegible] at [illegible]. General Motors and Ford, which are also expected to report stronger earnings for the quarter, [illegible] up [illegible] and unchanged [illegible], respectively.

JP [illegible] fell [illegible] after reporting second quarter earnings of [illegible] from [illegible] a year earlier, in the [illegible] of disappointing securities trading revenues.

A broad [illegible] of cyclical, technology and blue-chip stocks [illegible] in demand, with IBM up $1½ at $58¾, Minnesota Mining & Manufacturing [illegible] higher at [illegible] and AT&T up [illegible] at $54¼.

[illegible] the collapse of the [illegible] QVC might spark [illegible] in [illegible] the television group's [illegible] to $311½. QVC, which is the subject of a [illegible] a share [illegible] Comcast, rose [illegible] to [illegible] as [illegible] would have to [illegible] bid to be [illegible].

[illegible] International [illegible] after Tyco [illegible] bid $1.4bn for the medical products manufacturer.

Canada

Toronto [illegible] were firmer at midday as equities [illegible] heart [illegible] rallying bond markets [illegible] bounce [illegible] from recent losses. The TSE [illegible] composite [illegible] was up 27.63 at 4,168.18 in [illegible] shares [illegible] T$348.99m.

Precious [illegible] bucked the trend to [illegible] off 0.7 per cent, which traders attributed to reduced [illegible] fears.

The conglomerates [illegible] posted the heaviest gains, rising 3.4 per [illegible] on a [illegible] by [illegible] Pacific to C$21½ in volume of [illegible].

Communications, [illegible] products and financial [illegible] also made solid gains. [illegible] added [illegible] and [illegible] was up [illegible].

[illegible] C$1¼ to C$35 and Cognos was up [illegible] to C$15.

Brazil

Share [illegible] in São Paulo were [illegible] per [illegible] higher in moderate mid-morning trading as [illegible] returned to the [illegible] on bargain-hunting.

The Bovespa [illegible] of the 56 most-active [illegible] was up [illegible] at [illegible] in [illegible] of R$108m ($116.6m).

[illegible] was also stimulated by a new presidential election poll conducted by the independent Vox Populi Institute which said that Mr Fernando Henrique Cardoso had gained further ground against opposition candidates.

[illegible] preferred [illegible] per [illegible] higher at [illegible] as the company recouped [illegible] of the ground [illegible] over the [illegible] days.

S Africa makes gains

South African [illegible] made [illegible] in the afternoon [illegible] by an improvement in the [illegible] exchange. The overall index was up 33 at 5,506, the industrial index added 39 to 6,307 and the gold [illegible] 4 at 2,101.

Traders [illegible] further gains would depend on Wall Street's performance, the [illegible] of the dollar and the movement of South African [illegible] companies on Nasdaq overnight.

Among the main movers De [illegible] and Anglos both gained in spite of a stronger [illegible] rand, the former adding [illegible] to [illegible] and Anglos [illegible] to R229.50. Vaal [illegible] shed R1 to [illegible] rand.

EUROPE

Afternoon data help consolidate bourse recovery

Lower than expected US retail growth figures, the [illegible] in US and European bond markets and better news from Swiss pharmaceuticals were all influential as bourses rose for the second day in [illegible], *writes Our [illegible] Staff.*

FRANKFURT's experience was a measure of the day, the [illegible] index rising just [illegible] to 2,055.62 in official floor trading, as turnover [illegible] from DM5.4bn to DM5.5bn, but spurting in the afternoon on the Ibis, [illegible] system to end the day at 2,070.71.

[illegible] futures led the way up, the September [illegible] breaking through resistance at 93.50 to register a gain of [illegible] points near the [illegible] day.

There was [illegible] in [illegible] blue chip prices, Allianz ending the afternoon at DM2,470, up DM50, and Daimler adding DM11.20 at DM737.20; but the big three chemicals, [illegible] their highs for the day, were still subdued following Wednesday's [illegible].

Dealers said that [illegible] was [illegible] in second-rank [illegible] chips. Schering, the pharmaceuticals [illegible] DM14 on the [illegible] to DM921 after relative [illegible] recently, and Continental, the tyre-maker, put on DM8 at [illegible].

ZURICH recovered its confidence in a [illegible] by pharmaceuticals after first half figures from Sandoz. The SMI index rose 53.1 or 2.2 per cent to 2,528.3, with the firmer dollar and the latest US economic data enhancing the mood.

Sandoz registered rose SFr11 to SFr659 after it reported first half sales growth of 2 per cent in [illegible] franc terms. While this was at the lower end of expectations, analysts noted that the market was relieved that the statement contained no negative surprises.

Ciba registered rose SFr11 to [illegible] as it forecast that 1994 [illegible] profit would rise, in spite of the [illegible] dollar.

Roche certificates recouped [illegible] to [illegible]. The [illegible] had fallen by 10 per cent over the previous two sessions after [illegible] unveiled its own six month [illegible] figures on Tuesday.

Nestlé [illegible] to SFr1,112 but analysts [illegible] was no specific [illegible] to [illegible] for the [illegible] per cent rise.

MILAN climbed 2 per cent, [illegible] that preliminary indications of the government's economic plan were in line with expectations and boosted by short covering ahead of the end of the July account today. The Comit index rose 13.86 to 701.21.

Trading picked up, with stronger demand by funds and institutional investors prompting hopes of an imminent return by [illegible] investors.

[illegible] led insurers higher, rising L1,650 or [illegible] per cent to L25,650, on [illegible] the [illegible] privatisation [illegible] from a government reform of pen[illegible].

Banks were also strong with Credito Italiano rising L100 or [illegible] per cent to L2,130. [illegible] also put on L100 to L2,130; [illegible] week, [illegible] Capel com[illegible] that [illegible] cheap and that, in [illegible] of earnings recovery potential, BCI looked interesting.

Telecoms continued to recover from recent [illegible] with [illegible] up [illegible] to L4,360 and [illegible] L165 higher at L5,540. The [illegible]tor's strength spilled over to Olivetti, L70 higher at L2,510, and Pirelli which [illegible] to L2,685.

Falck, the [illegible] group, picked up from a 5.5 per cent fall to finish [illegible] lower at L5,002 on [illegible] that its chairman had [illegible] arrested in connection with investigations into alleged [illegible] paid to [illegible] squad officials. [illegible] retail [illegible] higher at L9,722 as its managing [illegible] was arrested as part of the [illegible] investigation. About [illegible] warrants [illegible] said to [illegible] for [illegible] and [illegible] squad [illegible].

AMSTERDAM [illegible] modestly with volatility still present ahead of today's expiry of options. The [illegible] gained [illegible] to [illegible].

Firm prices [illegible] was [illegible] all round, although [illegible] by the lack of corporate [illegible]. [illegible] impressed with a [illegible] rise to Fl [illegible] while the [illegible] groups, [illegible] and DSM, [illegible] featured, rising respectively by Fl 1.60 and Fl 1.40 to Fl 196.60 and Fl 131.80.

DSM was recommended by James Capel even although the second quarter results, [illegible] early next month, may not repeat their good first quarter performance, owing to restructuring charges. [illegible]theless, Capel suggested that [illegible] in [illegible], the company could report [illegible] per [illegible] of around [illegible] by 1996.

MADRID offered a relatively moderate [illegible] to its own bond market gains, the general index closing [illegible] higher at [illegible] in [illegible] of Pta26.8bn after a rise of [illegible] points to 90.85 in the September bund future.

[illegible] fort [illegible] of the [illegible]cued banking stock, recovering [illegible] to Pta980 [illegible] BCH [illegible] Santander Pta105 to Pta4,920.

However, Repsol [illegible] to react further to crude oil prices after its gains on the Nigerian oil workers strike, losing Pta50 at [illegible], while Sarrio, the paper group, fined by the European Commission for alleged [illegible] practices, [illegible] Pta33 at [illegible].

TEL AVIV resumed its recovery from a 1994 low of 148.01 last week after a fall of 2.7 per cent on Wednesday, the Mishtanim index recovering 6.59, or [illegible] per cent to [illegible].

WARSAW [illegible] an profit-[illegible] gains, the [illegible] index [illegible] 655.8, or 5.8 per cent lower at 10,407.1 in [illegible] 25 per [illegible] at 1,000bn zlotys.

Some brokers said that the market had advanced by more than 40 per cent over the previous two weeks, that a correction was long overdue and that it was likely to deepen early next week.

Written and edited by William Cochrane, John Pitt and Michael Morgan

FT-SE Actuaries [illegible] Indices THE EUROPEAN SERIES

Jul [illegible] Hourly changes	[illegible]	10.30	[illegible]	12.00	13.00	14.00	15.00	[illegible]
FT-SE Eurotrack 100	1327.62	1328.83	1331.61	[illegible]	[illegible]	1336.16	[illegible]	1337.33
FT-SE Eurotrack 200	[illegible]	1368.36	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	Jul 13	Jul 12	Jul 11	Jul 8	Jul 7
FT-SE Eurotrack 100	1325.84	1317.85	[illegible]	1316.00	[illegible]
FT-SE Eurotrack 200	[illegible]	1350.44	[illegible]	[illegible]	[illegible]

Base 1000 (26/10/90). High/day: 100 - 1338.11, 200 - 1377.33 Low/day: 100 - 1327.51 200 - 1368.33

EUROPEAN EQUITIES TURNOVER
Monthly total in local currencies (bn)

Bourse	Mar 1994	Apr 1994	May 1994	June 1994	[illegible]
Belgium	83.75	69.93	73.08	71.22	2.17
France	218.69	145.17	175.15	[illegible]	[illegible]
Germany	214.73	188.00	151.07	165.42	103.91
Italy	80,380	105,964	[illegible]	59,404	37.51
Netherlands	33.10	25.20	21.80	28.40	14.78
Spain	1,491.24	1,160.49	1,340.00	1,308.75	[illegible]
Switzerland	32.02	23.93	26.12	21.63	16.16
UK	61.14	48.57	44.27	[illegible]	71.49

[illegible] represent purchases and sales.
Italian data adjusted to include off-market trading. Some figures may be revised.
Source: NatWest Securities

European equity markets were depressed throughout June owing to pressure on the dollar, which resulted in a 3 per cent decline in US Treasury bond prices. International investors increased their selling pressure, says Mr James [illegible] of [illegible], which compiled the data.
Consequently, turnover in European [illegible] traded on Seaq International in London, as a proportion of that in continental domestic markets, [illegible] to 16.6 per cent in June, from [illegible] per cent in May and [illegible] per cent in April.
Overall, European turnover fell by 3 per cent last month from the May figure. France showed the [illegible] individual gain, turnover rising by some 23 per cent as the market index fell 6.4 per cent, Mr Cornish notes.
Good gains were also seen in the Netherlands and Germany, with the latter seeing a rise of 9.5 per cent after a poor showing in May. Against the three month average Germany remained 10.5 per cent down.
Among the month's disappointments, Switzerland eased by 17 per cent as the general index declined by 4 per cent. However, Italy was the major loser, turnover here losing 40 per cent, and the market index almost 6 per cent as sentiment began to turn sour over the new government's ability to tackle the budget deficit.

ASIA PACIFIC

Nikkei edges ahead as Kuala Lumpur advances 2.2%

Tokyo

Arbitrage buying lifted share prices [illegible] slightly against the dollar, *writes Emiko Terazono in Tokyo.*

The Nikkei 225 [illegible] after a low of 30,565.41, and a high of 20,780.26 in the last [illegible] minutes of trading, [illegible] in the [illegible] session on bargain hunting and arbitrage buying.

Volume [illegible] 292.8m [illegible] foreign [illegible] were seen taking profits, [illegible] trusts were the main buyers of the day. However, [illegible] the [illegible], due to lingering uncertainty over the course of the yen.

The Topix index of all first section [illegible] rose 9.99 to 1,664.52 and the Nikkei [illegible] gained [illegible] to 302.47. [illegible] led [illegible] by [illegible] to 271 with [illegible] unchanged and, in London, the ISE/Nikkei [illegible] rose 1.87 to 1,352.11.

Buying centred around shares linked to the [illegible] recovery, and oil exploration in Vietnam. Buy-backs of export oriented, high-technology [illegible] which had [illegible] due to the high yen [illegible] supported the [illegible].

Mitsui, the [illegible] of the day, [illegible] on the [illegible] development in Vietnam. Marubeni, another trading house, [illegible] higher to Y550. However, Mitsubishi Oil, [illegible] discovery of a second oil [illegible] in Vietnam triggered the [illegible] in the theme, [illegible] to Y1,180 on profit taking.

Department [illegible] were [illegible] actively on hopes of an [illegible] in [illegible] spending. Tokyu Department [illegible] to [illegible] and Daimaru gained [illegible]. [illegible] Kirin Brewery, which recently gained on the [illegible] summer theme, [illegible] Y10 to Y1,220.

[illegible] in spite of arbitrage buying. [illegible] of Japan [illegible] Y10 to Y3,180 and Sumitomo Bank [illegible] to Y2,030.

Electricals were higher. Sony gained Y200 to Y6,060 and Hitachi rose Y10 to Y1,020. Car electronics makers were stronger on reports that the government will push for car navigation systems. Kenwood gained Y32 to Y955 and Alpine Electronics added Y90 to Y2,300.

In Osaka, the OSE average rose 192.58 to 23,148.41 in volume of 35.1m shares.

Roundup

Pacific Rim markets turned in mixed performances.

KUALA LUMPUR saw foreign demand for Malaysian blue-chip stocks, which sent the composite index 2.2 per cent up through the psychological 1,000-point level. The index [illegible] higher at 1,010.80. Tenaga [illegible] and United Engineers [illegible] jumped [illegible] to [illegible] and [illegible], while [illegible] Malaysia firmed 60 [illegible] to [illegible].

MANILA rose sharply at the close, spurred by PLDT's rebound in New York and bargain-hunting in other issues. The composite [illegible] 47.07 or [illegible] per cent to [illegible]. PLDT climbed [illegible] per cent to 1,440 pesos after jumping [illegible] on Wall Street.

SYDNEY [illegible] 1.5 per cent, through the psychologically important 2,000 barrier in [illegible] trade, lured higher by a rally on the futures [illegible]. The All Ordinaries [illegible] firmer at 2,007.7.

[illegible] rumours of a large institutional investor doing [illegible] portfolio buying also gave the market impetus.

BHP put on 50 [illegible] or [illegible] per cent to [illegible] amid speculation that it [illegible] on a major [illegible] takeover.

HONG KONG stepped back after the [illegible] rally of the previous two days, surrendering sharp early gains to profit-taking. The Hang Seng index fell 20.63 to [illegible] after an early peak of [illegible] in [illegible] was little changed at [illegible].

TAIPEI's early gains were [illegible] by late profit-taking amid [illegible] that the [illegible] might tighten monetary policy [illegible] week. The weighted index fell [illegible] to 6,304.61, off a [illegible] high.

WELLINGTON shrugged off political uncertainty to close slightly firmer, although late selling trimmed the rise. The resignation of Ms Ruth Richardson, the government MP and former finance minister, [illegible] the [illegible] of a snap election. The NZSE-40 capital index [illegible] up 3.58 at [illegible] in turnover of $42.3m.

BOMBAY was lower as buying eased on the last day of [illegible] in specified shares amid rumours that bourse officials might levy a 20 per cent margin on cash shares. The BSE 30-share index lost 37.89 to [illegible].

SEOUL extended early losses [illegible] profit-taking in most sectors and the composite index fell 3.26 to [illegible]. [illegible] capitalised [illegible] momentum [illegible] the [illegible] Supervisory Board [illegible] would [illegible] down on [illegible] price manipulations.

SINGAPORE [illegible] little changed but the broad market's tone was improved with pockets of buying seen among blue chips. The Straits Times Industrials index closed 5.85 higher at 2,189.78, with banks, properties and most shipyards in demand.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	WEDNESDAY JULY [illegible] US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	TUESDAY JULY 12 1994 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 52 week High	52 week Low	[illegible]
Australia (69)	166.67	0.9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	101.04	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria (17)	168.22	-1.1	[illegible]	[illegible]	[illegible]	[illegible]	-0.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgium (37)	169.83	-1.0	[illegible]	[illegible]	[illegible]	[illegible]	0.0	4.16	[illegible]	[illegible]	104.96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada (108)	128.11	[illegible]	119.40	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	116.47	[illegible]	99.53	[illegible]	[illegible]	[illegible]	[illegible]
Denmark (33)	269.52	[illegible]	255.17	187.22	215.54	[illegible]	[illegible]	1.34	271.10	[illegible]	[illegible]	214.73	220.94	[illegible]	[illegible]	210.26
Finland (24)	156.95	0.2	[illegible]	97.38	[illegible]	[illegible]	1.3	[illegible]	[illegible]	147.71	[illegible]	124.09	165.65	[illegible]	[illegible]	[illegible]
France (97)	173.13	0.8	[illegible]	107.42	[illegible]	[illegible]	1.5	[illegible]	171.84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Germany (58)	142.36	-0.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hong Kong (56)	360.45	[illegible]	[illegible]	223.64	288.27	357.54	3.0	[illegible]	[illegible]	329.87	[illegible]	277.13	[illegible]	508.58	[illegible]	280.04
Ireland (14)	195.24	[illegible]	[illegible]	121.14	[illegible]	177.72	0.8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	209.33	[illegible]	[illegible]
Italy (61)	85.98	[illegible]	[illegible]	53.33	68.75	[illegible]	1.7	1.64	[illegible]	80.57	52.30	[illegible]	[illegible]	[illegible]	57.88	[illegible]
Japan (468)	168.17	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.73	[illegible]	[illegible]	[illegible]	[illegible]	103.87	[illegible]	124.54	[illegible]
Malaysia (98)	464.76	[illegible]	440.03	[illegible]	371.70	[illegible]	0.8	1.76	461.42	435.02	[illegible]	[illegible]	[illegible]	[illegible]	322.60	[illegible]
Mexico (18)	1932.12	-0.2	1829.28	1198.78	1545.19	7182.63	-0.2	1.88	[illegible]	[illegible]	[illegible]	1533.74	[illegible]	2647.08	[illegible]	[illegible]
Netherland (27)	204.80	-0.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	204.96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New Zealand (14)	66.80	1.0	63.25	41.45	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	62.37	[illegible]	[illegible]	58.07	77.59	[illegible]	[illegible]
Norway (23)	199.96	0.8	[illegible]	124.06	[illegible]	183.03	1.7	[illegible]	[illegible]	[illegible]	[illegible]	157.04	179.98	[illegible]	[illegible]	159.29
Singapore (44)	334.64	1.4	316.74	[illegible]	267.55	[illegible]	1.6	1.81	[illegible]	311.01	201.67	[illegible]	229.64	378.92	[illegible]	[illegible]
South Africa (59)	277.66	0.8	262.90	[illegible]	[illegible]	260.40	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	279.24	[illegible]	[illegible]	203.53
Spain (42)	143.24	[illegible]	135.61	[illegible]	114.55	[illegible]	1.1	[illegible]	143.15	134.96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden (36)	212.56	0.0	201.26	[illegible]	170.00	[illegible]	1.0	[illegible]	[illegible]	200.40	[illegible]	[illegible]	236.54	[illegible]	[illegible]	171.22
Switzerland (47)	156.53	-2.1	148.20	97.12	[illegible]	125.75	-1.4	[illegible]	159.82	[illegible]	97.80	128.59	127.47	[illegible]	[illegible]	126.67
United Kingdom (204)	191.89	[illegible]	181.67	[illegible]	[illegible]	[illegible]	1.3	4.15	190.25	179.37	[illegible]	[illegible]	[illegible]	214.96	[illegible]	[illegible]
USA (519)	183.12	[illegible]	173.37	113.62	146.45	[illegible]	[illegible]	[illegible]	[illegible]	172.29	[illegible]	[illegible]	182.75	196.04	[illegible]	[illegible]
EUROPE (720)	168.72	[illegible]	[illegible]	104.66	[illegible]	149.18	[illegible]	[illegible]	168.51	[illegible]	[illegible]	133.47	[illegible]	178.58	[illegible]	[illegible]
Nordic (116)	211.06	-0.1	199.82	130.95	[illegible]	202.30	[illegible]	1.47	211.18	[illegible]	[illegible]	[illegible]	[illegible]	220.60	[illegible]	[illegible]
Pacific Basin (750)	174.55	[illegible]	165.26	[illegible]	[illegible]	113.47	[illegible]	1.05	175.63	[illegible]	[illegible]	139.03	[illegible]	[illegible]	[illegible]	153.39
Euro-Pacific (1470)	171.97	[illegible]	[illegible]	106.70	[illegible]	[illegible]	0.7	1.90	172.44	[illegible]	105.52	[illegible]	127.12	172.44	[illegible]	149.27
North America (625)	179.58	0.2	170.02	111.42	[illegible]	179.18	0.2	[illegible]	[illegible]	[illegible]	109.66	[illegible]	178.83	[illegible]	[illegible]	[illegible]
Europe Ex. UK (516)	152.38	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	152.83	[illegible]	93.52	121.06	128.96	[illegible]	[illegible]	[illegible]
Pacific Ex. Japan (261)	240.00	1.7	[illegible]	[illegible]	192.02	[illegible]	[illegible]	2.96	[illegible]	[illegible]	144.44	[illegible]	211.32	[illegible]	[illegible]	[illegible]
World Ex. US (1653)	172.70	[illegible]	163.51	[illegible]	[illegible]	131.24	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	137.12	130.38	173.12	[illegible]	[illegible]
World Ex. UK (1968)	173.51	-0.2	164.26	107.66	[illegible]	144.00	[illegible]	[illegible]	[illegible]	163.89	106.38	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Ex. So. Af. (2113)	174.52	-0.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.27	174.70	164.70	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	160.00
World Ex. Japan (1703)	181.25	0.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	180.71	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
The World Index (2172)	[illegible]	-0.1	[illegible]	[illegible]	140.07	147.47	[illegible]	2.27	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	178.97	158.85	160.20

Latest prices were unavailable for this edition.

RECRUITMENT

Jobs: Salary comparisons in smaller companies

Euro-picture restores perspective

Do many [illegible] Britain's executives [illegible] a [illegible] deal on pay compared with their European counterparts? A glance at the figures in the table to [illegible] right might suggest that they do.

While the government, [illegible] [illegible] Confederation of British Industry, [illegible] [illegible] pronouncements on the unfairness of [illegible]tain [illegible] [illegible] to some of [illegible] [illegible] top executives, it looks [illegible] if their increases may have been far from representative [illegible] managerial grades.

[illegible] organisations have been grumbling for [illegible] while that the [illegible] salary [illegible] [illegible] [illegible] [illegible] not [illegible] reality for most executives. The [illegible] [illegible] in the pay packets [illegible] [illegible] of the utility heads and some [illegible] [illegible] leaving bonuses and profits on share option schemes reaped in those [illegible] [illegible] tended [illegible] dominate the [illegible].

According [illegible] [illegible] year's [illegible]tion of Remuneration in Europe, [illegible] salary report [illegible] [illegible] [illegible] [illegible] pay pack[illegible] in 12 [illegible] compiled by [illegible] consortium [illegible] [illegible]tion consultancies, UK [illegible]tives still receive almost [illegible] lowest pay rises in Europe. In 1993 they received [illegible] per cent on average, virtually in line with inflation, while those in Portugal, for example, [illegible] 9 per cent.

Looking [illegible] [illegible] figures supplied for UK executive posts, very few seem to [illegible] close to those on offer in other parts of Europe. P-E International, which publishes the report, suggests th[illegible] [illegible] might not be as gloomy for UK [illegible] as it appears, since the UK has [illegible] more large public [illegible] compared to Europe generally.

The [illegible] salaries in [illegible] larger companies, it [illegible], [illegible] still [illegible] [illegible] those of [illegible] European counterparts.

The accompanying table is culled from the full report. Priced at £525, it is available from The Centre [illegible] Management Research, P-E International Group at Park House, Wick Road, Egham, Surrey [illegible] 0HW. Inquirers should telephone Joanna Woodford, [illegible] project [illegible], [illegible] [illegible] fax [illegible] [illegible].

[illegible] that the salaries in [illegible] table, quoted in the currencies of [illegible] [illegible] [illegible] in [illegible] report, have [illegible] [illegible] [illegible] sterling exchange [illegible] at the close of [illegible] UK foreign exchange market [illegible] Friday July [illegible]. [illegible] table is confined [illegible] [illegible] countries. It [illegible] [illegible] quote Germany, for example, becau[illegible] it [illegible] difficult [illegible] [illegible] down the [illegible] figures [illegible] [illegible] [illegible] salary [illegible] brackets.

Moving story

The proportion of companies offering relocation assistance to newly recruited staff is continuing to decline, according to a [illegible] [illegible] 500 companies [illegible] [illegible] UK. The survey, car[illegible] out by Robert Half and Accountemps, the financial recruitment consultants, found [illegible] just [illegible] [illegible] [illegible] [illegible] questioned [illegible] [illegible] relocation expenses compared [illegible] 90 per cent five years ago.

[illegible] [illegible] trend, [illegible] [illegible] report, is [illegible] [illegible] [illegible] an impact on labour mobility, already [illegible] by [illegible] depressed [illegible] market.

Four out of five of the [illegible]panies providing assistance, [illegible] [illegible] allowances, [illegible]ing, on average, [illegible] between £2,000 [illegible] £3,000.

[illegible] companies with a relocation policy [illegible] expenses [illegible] reimbursement [illegible] estate agent, legal [illegible] [illegible] [illegible] [illegible]. Other possible [illegible] [illegible] [illegible] [illegible] temporary housing, offered by 80 [illegible] cent [illegible] them, stamp duty (73 [illegible] cent), and bridging [illegible] (35 [illegible] cent). Mortgage subsidies [illegible] [illegible] [illegible] [illegible] per [illegible].

[illegible] Grout, managing direc[illegible] of Robert [illegible] [illegible] Accountemps, [illegible] the [illegible] [illegible] impact [illegible] [illegible] quality [illegible] appli[illegible]. "[illegible] [illegible] feel they [illegible] [illegible] [illegible] to [illegible] relocation [illegible] might [illegible] their job search to their locality rather than the whole country."

Richard Donkin

Country: Position	Up to 250 people: Lower quartile Basic salary £	Lower quartile Total cash pay £	Median Basic salary £	Median Total cash pay £	Upper quartile Basic salary £	Upper quartile Total cash pay £	From 2[illegible] to [illegible]: Lower quartile Basic salary £	Lower quartile Total cash pay £	Median Basic salary £	Median Total cash pay £	Upper quartile Basic salary £	Upper quartile Total cash pay £
Spain M.D	[illegible]	[illegible]	[illegible]	[illegible]	110,473	117,780	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	154,813
Sales & Mktg head	[illegible]	44,887	47,381	[illegible]	[illegible]	[illegible]	[illegible]	57,117	57,730	61,172	67,256	75,276
Manufacturing	37,406	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	47,381	[illegible]	56,468	66,334	69,645
Finance head	34,912	[illegible]	[illegible]	[illegible]	[illegible]	57,231	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Personnel head	34,413	[illegible]	[illegible]	[illegible]	47,381	[illegible]	[illegible]	[illegible]	52,369	54,568	61,920	64,837
[illegible] M.D	72,477	[illegible]	[illegible]	[illegible]	97,943	117,531	91,067	[illegible]	104,799	116,062	117,531	134,671
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	75,416	83,251	87,169	[illegible]
Manufacturing	[illegible]	[illegible]	60,724	[illegible]	[illegible]	77,864	[illegible]	77,375	70,029	[illegible]	[illegible]	[illegible]
[illegible]	56,317	57,786	61,214	[illegible]	[illegible]	73,457	68,560	72,477	73,947	[illegible]	84,720	[illegible]
[illegible]	[illegible]	[illegible]	56,807	[illegible]	[illegible]	67,580	[illegible]	[illegible]	[illegible]	[illegible]	75,416	[illegible]
France M.D	[illegible]	78,234	102,258	114,522	137,513	154,018	[illegible]	[illegible]	[illegible]	120,240	144,240	161,549
[illegible] head	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	77,453	[illegible]	99,087	110,714	126,222
Manufacturing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	61,165	73,705	[illegible]	[illegible]	103,219
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	70,654	79,122	[illegible]	[illegible]	[illegible]	74,162	78,114	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	67,495	[illegible]	[illegible]	48,084	[illegible]	70,894	70,498	[illegible]
UK M.D	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	105,000	[illegible]	71,502	79,000	86,500	106,000	[illegible]
[illegible]	[illegible]	36,118	[illegible]	[illegible]	[illegible]	51,652	[illegible]	[illegible]	45,420	48,765	[illegible]	[illegible]
Manufacturing	[illegible]	32,000	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible] Head	[illegible]	[illegible]	[illegible]	47,750	55,750	[illegible]	43,574	[illegible]	50,514	52,721	[illegible]	[illegible]
[illegible]	-	-	[illegible]	[illegible]	-	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgium M.D	[illegible]	71,442	[illegible]	[illegible]	[illegible]	[illegible]	72,720	[illegible]	94,092	[illegible]	119,457	129,574
[illegible] & [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Manufacturing	45,779	47,515	[illegible]	52,883	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	70,684	84,755	[illegible]
[illegible]	[illegible]	48,134	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	44,801	[illegible]	[illegible]	47,575	51,007	48,757	[illegible]	[illegible]	[illegible]	57,792	[illegible]
[illegible] M.D	[illegible]	71,376	79,470	[illegible]	[illegible]	100,441	73,215	[illegible]	[illegible]	[illegible]	114,422	121,412
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	71,376	[illegible]	[illegible]	73,951	[illegible]	[illegible]	[illegible]
Manufacturing	47,461	48,565	[illegible]	[illegible]	57,395	[illegible]	[illegible]	60,706	[illegible]	70,272	74,135	[illegible]
[illegible]	44,150	[illegible]	[illegible]	[illegible]	[illegible]	61,810	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible] head	-	-	[illegible]	[illegible]	-	-	[illegible]	51,140	[illegible]	64,017	[illegible]	[illegible]
Denmark M.D	[illegible]	[illegible]	[illegible]	[illegible]	113,080	[illegible]	[illegible]	105,108	[illegible]	122,416	[illegible]	[illegible]
Sales [illegible]	50,351	[illegible]	[illegible]	57,641	67,030	69,862	50,875	54,914	[illegible]	62,981	73,586	75,789
Manufacturing	47,309	49,512	55,806	59,425	67,397	72,747	[illegible]	51,924	61,523	61,628	71,750	78,674
Finance head	[illegible]	[illegible]	[illegible]	[illegible]	70,177	70,701	[illegible]	[illegible]	62,257	[illegible]	[illegible]	[illegible]
[illegible] head	[illegible]	[illegible]	[illegible]	51,505	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	62,781	72,904	74,268

Table compiled by Fumiko Ishiguro

EUROPEAN EXECUTIVE-SEARCH FIRM

Due to expansion we are currently seeking two research assistants for our London office with proven experience obtained in an international search firm. Preference will be given to applicants with [redacted] thorough knowledge of the financial markets.

The candidates will be expected to work closely with the partners in charge, demonstrate excellent communication skills and [redacted] an extremely high level of integrity.

Prospective candidates should be team oriented, creative and will be expected, when necessary, [redacted] accompany partners to client meetings in Europe.

Aged between [redacted] and 40, fluent in French, they should be highly motivated and capable of working to tight deadlines.

In the first instance please call or write in the strictest confidence to Mr. Eric SINGER.

SINGER, DANTON & HAMILTON
Chesham House, 150 Regent Street, LONDON W1R 5FA
Tel. (071) 434-2469

GEOLOGIST,
COMPUTER SERVICES

BHP, one [redacted] the largest and most successful natural resource companies in the world, needs a computer support/GIS person with a geology background for our Exploration office in London.

The successful candidate will [redacted] responsible for conducting training [redacted] providing support for geological computer software, coordinating system use and database building among [redacted] locations, monitoring developments [redacted] geological surveys and international agencies [redacted] advising management [redacted] computer applications, policy and purchases.

Proficiency with DOS, Windows and UNIX/IRIX for configuring, tuning and maintaining systems operation is required. Talent for working with plotters, scanners, digitizers and experience with Techbase, [redacted] and [redacted] products is desirable.

Applicants [redacted] have university level education [redacted] geology or a related discipline, preferably with some practical field experience in minerals and [redacted] understanding [redacted] maps. Formal training [redacted] acquired mastery of cartography and [redacted] is required.

No phone calls please.

Apply to: [redacted]
BHP Minerals International Exploration Inc.
Brook House, 229 Shepherds Bush [redacted]
London [redacted] 7AN, England
FAX No: 44-81-563-0427

BHP

Investment Analyst Leading to Fund Management Role

Salary £ Neg. — Henley-on-Thames

Perpetual is one of the UK's leading Unit Trust Groups with a reputation for outstanding investment performance.

[redacted] now require an Investment Analyst to join our international team. This position offers excellent prospects for early career development as we intend that the role will soon assume Fund Management responsibilities.

You should be in your early to mid twenties and have at [redacted] two years' experience [redacted] Investment Analysis. Y[redacted] should be prepared to study for the Investment Management [redacted] if you do not already hold [redacted] appropriate qualification such as the A.I.I.M.R. [redacted] Institute Diploma.

If you feel ready to take on this outstanding career opportunity, please send your CV together with a covering letter, which [redacted] include a daytime telephone number, to: Pat Kelly, Personnel Manager, at the address below.
(NO [redacted] PLEASE)

Perpetual Perpetual Investment Management Services Limited, 48 Hart Street, Henley-on-Thames, Oxon RG9 2AZ *(Member of IMRO)*

L.W. 2059

Product Manager

Global Custody Electronic Links — The City

One of Britain's leading corporate banks, [redacted] client seeks to expand [redacted] business banking team through a key Product Management appointment.

Experienced in global custody [redacted] fund management, the successful candidate will develop and implement strategies for the application of SWIFT products, ETC systems and ISITC standards.

In support of sales [redacted] relationship management, this role involves ensuring that [redacted] results of systems development work will accommodate customers' immediate and future needs.

In addition [redacted] the relevant market and product knowledge, experience of project leadership and direct [redacted] essential.

The Bank [redacted] looking for a strategic thinker – with excellent communication [redacted] – capable of applying their technical understanding [redacted] commercial awareness [redacted] product development.

The package on offer comprises [redacted] highly competitive salary and, of course, full banking-[redacted] benefits.

To apply, [redacted] the [redacted] confidence, please write with full [redacted] and [redacted] salary details – quoting reference A4416 to – The Confidential Reply Supervisor, [redacted] the address given below – naming any organisations [redacted] which your [redacted] should not be forwarded.

BERNARD HODES
SELECTION

Birmingham · Bristol · Cardiff · Glasgow
Hertford · Leeds · London · Manchester

Griffin House, 161 Hammersmith Road,
London W6 8BS.

Head of Settlements

City — to £75,000 + Benefits

Our client [redacted] dynamic, successful and expanding international securities business dealing primarily in the UK and European markets. Trading volumes [redacted] high and the product range broad, covering both fixed income and equities, together with associated derivatives.

The role carries responsibility for a large team and accountability for all settlement activities, in line with market and regulatory practices. There [redacted] a strong emphasis placed on strategically positioning the operations department [redacted] accommodate future business needs. Within [redacted] framework of [redacted] change, the Head of Settlement Operations must work with other service providers [redacted] provide full support to [redacted] front office.

Success will be measured by external and internal customer satisfaction, tight control, increased efficiency, [redacted] effectiveness and the development and responsiveness of the settlements [redacted]

The candidate we seek will be aged 30-40, have strong managerial, interpersonal and change management skills, extensive knowledge of SFA regulations and in depth experience of UK and [redacted]uropean Securities Settlements.

Interested applicants should forward a comprehensive CV, quoting ref 195656, to [redacted] Forrester ACA, Executive Division, Michael Page, 39-41 Parker Street, London [redacted] 5LH.

MP
Michael Page City
Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

Executive Assistant, International Operations, UK, South Coast

Our client, a major insurer, forms part of [redacted] large multinational group, a market [redacted] in [redacted] product and service industries, employing more [redacted] 100,000 people in [redacted] countries.

With the full backing of the parent company our client is now seeking [redacted] strengthen [redacted] position [redacted] in Europe and other [redacted] markets [redacted] through a [redacted] of joint [redacted] and acquisitions.

In order to [redacted] the President [redacted] our client's International Insurance operations [redacted] looking [redacted] an [redacted]

The [redacted] will [redacted] a dynamic and enthusiastic [redacted] professional capable [redacted] assisting and advising [redacted] President [redacted] tasks and projects, and acting as [redacted] personal representative as [redacted]

Our client [redacted] therefore looking for [redacted] highly numerate, analytical person with outstanding communication skills [redacted] a background in Continental European [redacted] practices and cultures.

He/she will probably have completed his/her academic background with [redacted] MBA and will ideally have a proven experience in financial services with a preference for in[redacted] or merchant banking.

Given [redacted] position's scope, the ideal candidate should have excellent linguistic skills, including two languages in [redacted] English, [redacted] which [redacted] French or Spanish. Given the career prospects this person should [redacted] be [redacted] and willing to travel and eventually relo[redacted] internationally. He/she will [redacted] potential [redacted] reach [redacted] within [redacted]

If you [redacted] interested in this job, please send your curriculum [redacted] the end of July [redacted] Guy Vereecke, [redacted] INTERNATIONAL CONSULTANTS, Avenue Franklin [redacted] 14, [redacted] Brussels, Belgium (32 2 648 61 55). [redacted] your [redacted] plans, [redacted] any, in your [redacted]

INTERNATIONAL CONSULTANTS
young executive [redacted] selection

COMPLIANCE EXECUTIVE

International Securities House
Excellent salary package

Our client is a leading international securities house providing a full range of investment banking and stockbroking [redacted]

A senior compliance executive is now sought for its City-based team. The team manages the compliance arrangements and provides compliance advice to the firm's UK-based SFA and IMRO members. The department has established a sophisticated structure of delegation whereby the management and staff are encouraged to assume responsibility and accountability for their own compliance.

Your role will include advising staff at all levels, training staff in compliance topics, dealing with customer queries and handling relations with regulators. You [redacted] be required [redacted] comment on new regulations, advise [redacted] their implementation and update the companies' compliance procedures. Bank of England, Stock Exchange, LIFFE, ISMA, US and other foreign regulatory requirements are relevant as well as those of the two SROs.

This is a high-profile role, for which you should have substantial relevant experience. The non-repetitive nature of the work and the variety of queries makes this an attractive opportunity. You must have the tact, judgement, presence and authority that such a profile demands. In return you will receive an excellent salary and benefits package.

For further information in complete confidence, please contact William Cock, Stephen Rodney or Jane Mestrè (all qualified lawyers) on 071-405 6062 (071-727 7009 evenings/weekends) or write to them at Quarry Dougall Recruitment, 37-41 Bedford Row, London WC1R 4JH. Confidential fax: 071-831 6394.

QD
QUARRY DOUGALL

UNITED KINGDOM · HONG KONG · NEW ZEALAND · AUSTRALIA · USA

TREASURY MANAGER

NOTTINGHAM

The Nottingham is one of the UK's best performing regional building societies with assets in excess of £800 million.

Yours will be a key role at the head of the Treasury Department, managing and controlling the portfolios of liquid assets and wholesale funds within corporate guidelines.

It [redacted] a £multi-million responsibility, which will entail minimising risks whilst optimising the return on investments, developing investment and funding sources, providing clear and incisive financial information and assisting in decision making which will have a significant impact on the Society.

Of graduate calibre, you will have an excellent record of financial dealing gained from [redacted] minimum of 3 years' directly relevant experience. Proactive, committed and highly motivated, you must be [redacted] assured [redacted] and manager, with the communication skills - both written and oral - to operate successfully at all levels within the Society.

Nottingham is a thriving forward-thinking area, and with a plentiful choice [redacted] amenities and very reasonably-priced housing, ensures excellent standards of living.

The rewards package includes a negotiable salary in the region of £38,000 plus a full package of financial [redacted] benefits.

Please write with your CV to Andrew Milner, Finance Director, Nottingham Building Society, Nottingham House, 5-13 Upper Parliament Street, Nottingham NG1 2BX.

NOTTINGHAM
BUILDING SOCIETY

GENERAL MANAGER FINANCE AND OPERATIONS

This is a key position in a small UK bank and involves primary responsibility for all the banks financial [redacted] management reporting and controls as well as its operational [redacted]

Candidates should have had similar UK experience at a senior level and be able to demonstrate the technical knowledge & organisational skills appropriate to the position.

**Please write to
Box A2100,
Financial Times,
One Southwark Bridge,
London SE1 9HL**

FORWARD FX BROKERS

Exco is one of the world's leading international broking houses. Due to expansion we are seeking top forward FX brokers to join our Eurocurrency division in London.

We require staff with a minimum of 2 years experience in the forward market who have established themselves on either the banking or broking side of the business.

We offer an excellent remuneration package, including bonuses and company car, and the career prospects are excellent for the right candidates with the opportunity to work overseas.

If you are interested in the above vacancies please write in strictest confidence to the Personnel Manager or call Robbie Hubbard 071 617 1015.

Exco International plc, 119 Cannon Street, London EC4N 5AX

Closing date for applications 29 July 1994

NO AGENCIES

EXCO
An Exco plc Company

ADVERTISED POSITION:

Vice President required for newly formed financial products company.

The successful candidate will require in excess of fifteen years' experience in investment banking, corporate finance reinsurance and derivatives in both the United States and Europe. The candidate should also have had significant experience with clients in the high technology, electronics and satellite industry.

The job will cover all aspects of structuring and marketing highly technical reinsurance schemes. The [redacted] must speak several languages and have the confidence, determination, enthusiasm and a proven track record of promoting and securing [redacted] for a similar type of company.

The company offers an attractive remunerative package to the successful candidate.

Please send resumes to:
Broadgate Business Centre, Box 38, 199 Bishopsgate, London EC2M 3TY.

EXCEPTIONAL INDIVIDUAL SOUGHT

for varied and challenging role finding creative solutions to ill-defined problems as well as establishing and executing organisational procedures at dynamic, fast-growing, City-based investment bank. Must be extremely bright, computer literate, and able to bring multiple projects to completion under deadline. The right candidate will have excellent writing skills, and will be capable of providing high level [redacted] support. We will offer a highly competitive package to the right person who brings us this rare blend of flexibility and precision.

Send your CV, including compensation [redacted], to:

R. G. Wing [redacted] Box B2107, Financial Times, One Southwark Bridge, London SE1 9HL

French Equity Sales

An international Financial Institution is looking for a specialist French equity salesperson. Candidates will be fluent in French, have extensive knowledge of the French equity markets derived from at least two years in the investment industry, and have an ability to work closely with research analysts.

Successful candidates will be educated to degree level and have excellent presentation skills. Preference will be given to applicants with European work experience.

Please send C.V. together with a letter demonstrating why you are suitable for this positon to: J. D. Vine, Vine Potterton Ltd, Suite 26, Ludgate House, 107-111 Fleet Street, London EC4A 2AB.

VINE POTTERTON
RECRUITMENT ADVERTISING

Our goal is to become the best financial services company in the world. We believe five corporate values – customer focus, respect for each other, team work, quality and professionalism – will help make Chase the provider of choice, the investment of choice and the employer of choice.

CREDIT RISK MANAGEMENT

CLIMBING THE VALUE CHAIN OF GLOBAL SECURITIES SERVICES

Competitive rewards package

City

The Chase Manhattan Corporation, with [redacted] billion in assets, is a global financial services company accessing all the important world markets for clients as they raise capital, invest, [redacted] and [redacted] their financial assets.

Chase Global Securities Services [redacted] *the* [redacted] *of* institutional [redacted] investing outside their home countries, covering all facets of securities administration worldwide. Chase [redacted] of [redacted] world's largest global *custodians with over $1 trillion in* [redacted] under administration worldwide. Services include custodial, securities lending and offshore funds services.

This pre-eminent market position [redacted] that we [redacted] ideally placed to exploit the rapidly increasing corporate and institutional appetite for overseas investment, [redacted] moving up the value chain by cross-selling other credit/risk related products [redacted] client base, which includes many of the world's largest insurance companies, unit and investment [redacted] and pension funds.

Providing risk analysis, control and sales support across this client portfolio [redacted] brief [redacted]. *Using advanced analytical techniques, and* Chase's intimate market knowledge, [redacted] professionals provide high quality [redacted] interpretation of counterparties and client funds in [redacted] such as market [redacted] performance, calibre of fund management, settlement risk, as well as the consideration of legal and fiduciary implications. As [redacted] business grows and develops, we are seeking to strengthen these high profile [redacted] still further.

CREDIT STRUCTURING [redacted] MANAGEMENT

Approving and managing credit risk, together with structuring [redacted] of business, will fall to [redacted] currently [redacted] V.P., director, or [redacted] can point to at least [redacted] years of structuring significant [redacted] *relationship or credit officer's* role. A good degree and [redacted] firm [redacted] of banking [redacted] and loan documentation will be supported by practical knowledge of treasury, f.x. and derivative instruments. In addition, an understanding of the global securities markets and global custody would be an obvious advantage. Equally important though is your ability to [redacted] and motivate [redacted] well [redacted] operate effectively with clients [redacted] board level.

MANAGING ANALYTICAL [redacted]

To [redacted] effectively the [redacted] of an analytical team which [redacted] *existing* [redacted] and *evaluates* [redacted] constant stream of new work, we are seeking a senior credit/risk analyst who, in addition to proven *supervisory skills*, [redacted] have the depth of technical ability not only to provide help and guidance to team members on more complex projects, but also present at senior level both internally and externally.

A good degree, formal credit training and at least [redacted] years' lending experience in [redacted] relevant banking environment [redacted] the qualifications [redacted] seek. Additionally, [redacted] have [redacted] to [redacted] credit products, fund counterparties and their analysis.

CREDIT/RISK ANALYSIS

Here we are looking for *graduate* analysts with strong PC skills and previous relevant experience in [redacted] bank, or investment management organisation, who [redacted] now ready for roles offering more variety, scope and technical *challenge*.

GRADUATES

A limited number of opportunities also exist for graduates to train for a career in this fascinating area. To qualify, [redacted] should have [redacted] degree (2:1 [redacted] better), PC skills, a second European language and a real interest in banking and securities.

Without exception, each of [redacted] opportunities [redacted] scope for international travel and [redacted] platform from which to [redacted] along either [redacted] management, technical [redacted] sales and marketing path.

A competitive rewards package includes [redacted] negotiable salary, performance related bonus, [redacted] allowance [redacted] management level, subsidised [redacted] and [redacted] contributory pension.

Send your CV to the Resourcing Manager, Chase Manhattan [redacted] N.A., Woolgate House, Coleman Street, London, EC2P 2HD. Please quote reference DL: 07/94/FT. Closing date: [redacted] July 1994.

CHASE MANHATTAN.
PROFIT FROM THE EXPERIENCE.SM

CHASE

Hang Seng Bank Professor

We wish to appoint a Professor to strengthen and significantly expand research in the area of International Finance, in particular, Financial Instruments.

The person appointed will play a leading role in achieving an international reputation for the Faculty's Centre for International Financial Markets through his/her contribution to research, consultancy, teaching and executive development. Key responsibilities will be:

- leading and stimulating research in Financial Instruments throughout the Faculty
- attracting research funding
- recruiting and supervising research students
- contributing to the design of new postgraduate and post-experience programmes to meet the needs of the financial sector
- contributing to teaching on the Faculty's programmes

Suitable candidates will have [redacted] track record of research in the area of Financial Instruments particularly product innovation, risk management *or pricing, have excellent academic leadership and teaching skills,* and have the high standing and experience required to further develop our *links within the International financial community.*

The post has been sponsored by [redacted] *generous gift from the Hang Seng* Bank which provides [redacted] £10,000 [redacted] year enhancement on top of the professional salary, *for three years in the first instance.*

Professorial salary range £31,587 to £35,172.
Applicants should have recent business experience preferably within *the financial services sector.*

To discuss this post in more detail please contact Mrs. Susan Proudfoot, Director, Management centre, on 071-320 1527.

The Faculty of Business [redacted] seeking to appoint a Senior [redacted] in [redacted]

Senior Lecturer

The person appointed will be expected to teach Business Finance, both [redacted] and international, across a range of programmes at undergraduate and postgraduate levels. In [redacted] will [redacted] expected to contribute to [redacted] and [redacted] development within the field of Finance and to lead the business Finance Option within the highly respected BA Business Studies degree programme.

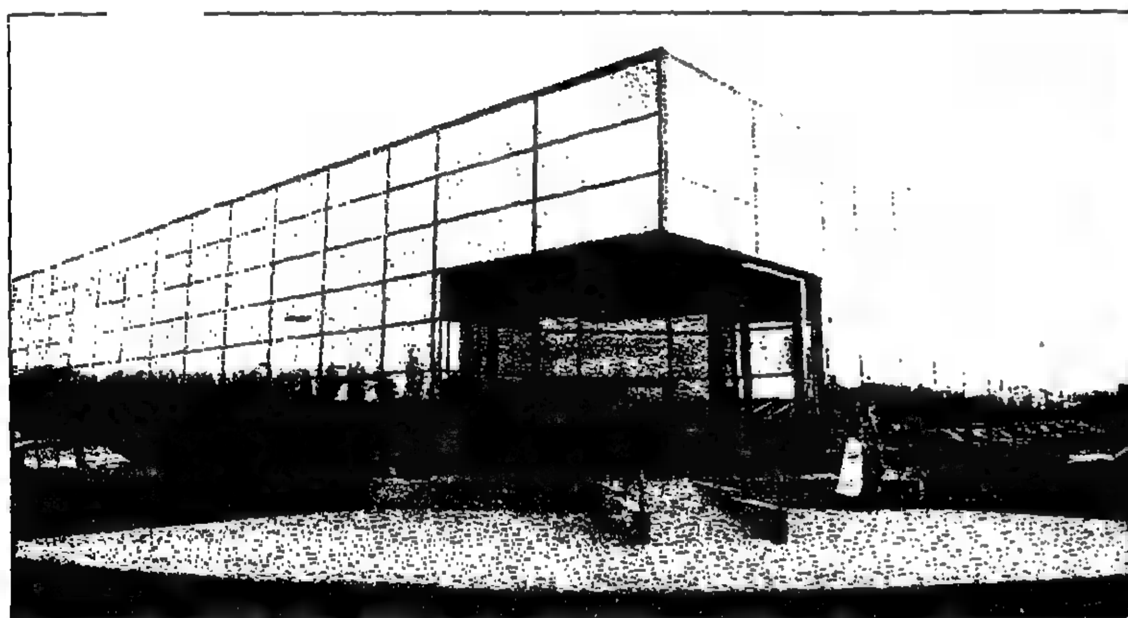
Applicants should have recent business experience preferably within the financial services sector.
Salary scale in the range of £21,882- £27,414.
To discuss this post initially, please contact Mr Alan Munro, Head of Business Studies on 071-320 1440/1441.

For an application package please send [redacted] large (A4) self-addressed envelope to the Personnel Department, 133 [redacted] High Street, London E1 7QA, quoting the appropriate reference number. *Closing date for applications is 29th July 1994.*

The Faculty of Business is one of the largest business schools in Europe. It has some 6,000 students studying on full and part-time *degree, postgraduate and professional programmes.* Situated [redacted] heart of the City of London it has close links with major employers and *professional bodies* [redacted] *financial services.*

The University is committed to a policy of equal opportunities for all.

[redacted]



INFORMATION BUILDING

Found your career here

As the world's leading supplier of management information to the investment community, WM provides a range of services including portfolio analytics and valuations, client and statutory reporting, investment/custodial performance measurement [redacted] well [redacted] research and consultancy.

Managing the provision of this information to existing and future clients and markets is the role of our client relationship and business development teams.

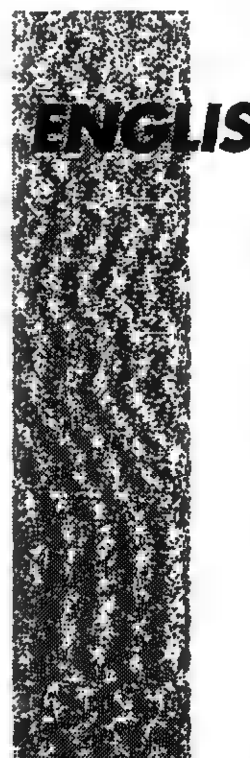
Based in our Edinburgh or London offices, you will call upon your sound knowledge of the investment industry, your communication, interpersonal and influencing skills and the training provided by The WM College, to maintain and develop your client base. Additionally, you will demonstrate intellect, presence and professionalism. In return our benefits package is as you would expect from one of Europe's most innovative organisations.

If you have client management/ development experience in the [redacted] industry, combined [redacted] a degree and/or professional qualification [redacted] are seeking the considerable challenge which [redacted] rapidly developing worldwide information business can provide, then please send [redacted] comprehensive CV with details of current remuneration [redacted] Shirley Forrest, Personnel Officer

THE WM COMPANY

WORLD MARKETS HOUSE, CREWE TOLL, [redacted] EH4 2PY [redacted] 031-315 2000 FAX: [redacted] 5681

APPOINTMENTS ADVERTISING
appears in the UK edition
every Wednesday & Thursday
and in the International edition every Friday
For further information
please call:
Gareth Jones on
071 873 3779



ENGLISH TRANSLATOR

The Banque [redacted] France is seeking [redacted] English-speaker aged 25 [redacted] *with strong writing* [redacted] *for its Translation* Service.

Only EU and EEA nationals need apply.

The post is at the head office of the Banque [redacted] France in *Paris. The translator will join a* [redacted] *of 10 translators,* including two other English-speakers. The work involves translating Bank publications, studies, statements and *correspond*[redacted] *dealing with such subjects as monetary* policy, economics, econometrics, international cooperation and legal matters. The Bank's translators regularly *participate in further training at the Bank.*

Several years of translating experience in a related field, publications, university and translating school qualifications [redacted] *all assets. The successful applicant will have* [redacted] *thorough* knowledge of French and the French environment.
He [redacted] will also have a firm grasp of economic, financial and banking issues. A third *European language* would be [redacted] plus.

Pay [redacted] with experience.

Please send your CV, photo and current pay to : Banque de *France - 56-1508 Recrutement - Concours* - [redacted] CEDEX 01.

BANQUE DE FRANCE

News Editor – UK Equities

Stock Market News

COMPETITIVE CITY SALARY — CITY/WOKING

ICV is a leading supplier of real-time data to the financial community. Through our **TOPIC 3** and **Market-Eye** products [redacted] enjoy [redacted] pre-eminent position in the UK equity information market. The majority of those involved in dealing in UK equities - market makers, brokers, fund managers, corporate and active private investors - rely [redacted] *ICV news and equity price systems. We pride* ourselves on an entrepreneurial spirit and staff who [redacted] both dedicated and enthusiastic.

We now want to strengthen the news team with [redacted] UK equities specialist. The [redacted] candidate will have experience of the stock market *either as a reporter or from having worked as a trader or analyst. Experience of company news reporting will be an* advantage; [redacted] within [redacted] marketplace are essential. You should also be able [redacted] work quickly and under pressure.

The job [redacted] initially based in Woking, but [redacted] is [redacted] be relocated to ICV's head office in the City.

Send your CV and current salary details [redacted]
Simon Rodda, Managing Editor, ICV Ltd, ICV House,
72 Chertsey Rd, Woking, Surrey, GU21 5BJ
Fax No: 0483 750629

ICV

The Top Opportunities Section

For Senior Management Appointments

For advertising information call:

Philip Wrigley on 071 [redacted] 3351

GERRARD VIVIAN GRAY

Member of The Securities and Futures Authority & the London Stock Exchange

Private Client Research
OVERSEAS ANALYST

Gerrard Vivian Gray is [redacted] leading private client stockbroking/fund management house, wholly owned by Gerrard [redacted] National Holdings PLC. The firm wishes to recruit an analyst to work with the senior [redacted] research analyst. The Research Department [redacted] a large team of private client brokers/fund managers [redacted] plays a key role in setting investment strategy and stock selection for client portfolios.

The ideal candidate will be [redacted] graduate *with at least 3 years* research based investment experience with a stockbroking/fund management house. Experience [redacted] US and/or European markets is preferred with the ability to produce clear and concise reports *from* [redacted] *broad* [redacted] *of inputs. He/she should also have the* flexibility [redacted] succeed in a small team.

Company benefits include: Profit related bonus, BUPA, [redacted] insurance, permanent [redacted] insurance, subsidised sports club membership, interest free season ticket loan and competitive salary.

Please reply in writing to: Peter Jones, Burne House, 88 High *Holborn, London* WC1V [redacted]

APPOINTMENTS WANTED

TROUBLESHOOTER

SPECIALIST IN GETTING THE JOB DONE

Having completed [redacted] programme of divestment for major PLC well experienced Chief Executive now seeks new challenge from short or long term *assignment in UK or Europe. Hands on involvement* at the highest levels in manufacturing, [redacted] motor vehicle distribution.

PHONE [redacted] FAX 0920-460350

CHARTERED ACCOUNTANT/ COMPLIANCE/ FINANCIAL SPECIALIST

Long experience London and International capital markets with leading professional and investment banking houses and regulatory body, speaking French, Italian, German, excellent contacts. Available for assistance with regulatory problems or financial investigation work.

Phone/Fax: 071 435 4318

ECONOMIST

[redacted] £30k plus car & substantial benefits package

South of England

Our client [redacted] major [redacted] plc and a leading [redacted] in worldwide holiday and leisure travel. The Group [redacted] its [redacted] airline.

Obviously economic and socio-[redacted] and trends are a [redacted] factor affecting [redacted] performance of the Group. [redacted] only in [redacted] highly volatile and competitive UK market place, but of [redacted] in all of [redacted] *destinations.*

This is a *new post calling* for a professional with a [redacted] record in international [redacted] with a capital [redacted] Your [redacted] will [redacted] wide ranging [redacted] Group and will include [redacted] and evaluation of influences that historic economic factors have [redacted] our client's market place. With [redacted] ability [redacted] analyse [redacted] predict [redacted] of [redacted] future political, [redacted] and competitive [redacted] on market *performance.*

[redacted] expect you to [redacted] strongly creative too … by identifying emerging global and UK [redacted] which present [redacted] Group with [redacted] product opportunities or enable them to deal with potential threats; by recommending any course of action that will influence and enhance *the Group's* corporate plan.

An initial priority will be to design, gain acceptance for and implement an econometric [redacted] capable of improving [redacted] and [redacted] of market predictions.

The benefits package [redacted] strategic importance of [redacted] *position* [redacted] includes generous holiday [redacted] together with contributory health care and pension scheme.

Please write in [redacted] enclosing your cv stating your current salary to. Recruitment Division, [redacted], 31 [redacted] Leonards [redacted], Eastbourne, East [redacted] BN21 [redacted], marking the envelope 'Post No. [redacted]

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G S B A
RECRUITMENT

ACCOUNTANCY COLUMN

Partners contemplate a new existence

Andrew Jack explains why liability and more positive factors are making incorporation an attractive option

Just one month [illegible] he [illegible] from Mr Jim [illegible] as [illegible] of KPMG Peat Marwick at the start of this year, Mr Colin Sharman called a meeting of the firm's inner sanctum of 25 "general partners" to discuss a radical proposal for change.

[illegible] put forward a suggestion [illegible] has stirred the profession in the last [illegible] weeks, [illegible] the [illegible] emerged that KPMG, the UK's second largest firm, was considering abandoning its traditional legal status as a partnership in favour of incorporation.

When details of the plan emerged, much of the rhetoric focused on incorporation as [illegible] technique to limit the liability [illegible] partners from vexatious legal actions. In practice, the issue is far more wide-ranging. For professional partnerships as [illegible] whole, the motives are [illegible] and the [illegible]

At a country hotel in Berkshire [illegible] the start of this month, the [illegible] general partners met again [illegible] agreed to set up [illegible] small sub-committee of three, including Mr Sharman, to take the idea further. They have until late September to report back, before making proposals to the full partnership at its annual meeting in October.

The sub-committee faces some formidable challenges. One of the frustrations is that little is known about incorporation in professional firms. Few of any size have so far done it, and little research exists on how successful it has been.

KPMG [illegible] not alone in considering the issue. For example, Mr [illegible] Brindle, senior partner of Price [illegible] house, says: "It is more [illegible] case of when than whether". He [illegible] the firm is examining incorporation, [illegible] unlikely [illegible] a [illegible] even within the [illegible] months.

Like KPMG, Brindle argues that the escalating lawsuits against [illegible] tants is [illegible] key force for change. "The dri[illegible] the liability situation," he says. "It's got so out of hand." The same view is taken in [illegible] fact sheet issued to its members [illegible] by the Chartered Association of Certified Accountants.

By incorporating, a [illegible] around the difficulty that all the personal assets of all of its partners are at stake. The firm itself can still be sued as [illegible] corporate entity, but most of the partners would have their own wealth protected.

[illegible] still [illegible] personal [illegible] would [illegible] the [illegible] directly involved in [illegible] advice which led to the legal action being taken, who could still be sued individually. They, like the firm, would attempt to buy insurance cover for their protection.

"What it gets around is the problem of the Aberdeen tax partner suffering because of a muck-up by [illegible] partner in the south east of England," says Sharman.

Incorporation also crystallises outstanding legal [illegible] that [illegible] members joining [illegible] partnership would be protected from the legacy of [illegible] past. "It [illegible] psychological [illegible] well-being to partners [illegible] today and tomorrow that when they go home they still have [illegible] home to go to," says Brindle.

However, it [illegible] the large accountancy firms' desire [illegible] limit "joint and several liability", by which they can be ordered to pay all damages in a court case even if they were only partly to blame.

A firm's reputation may be severely damaged or it may be driven out of business entirely by legal settlements. [illegible] it places the accountants in the same position as any company.

These worries are less significant in other professions. Mr Chris Bramall, head of professional ethics at the Law Society, says that firms of solicitors [illegible] been able to incorporate [illegible] January [illegible] yet only [illegible] handful of sole practitioners have so far done so. "No one has really shown any interest in it," he says.

Mr William Corbett, [illegible] executive of Stephenson Harwood, [illegible] firm, [illegible] "The number of outstanding [illegible] is huge. There [illegible] simply [illegible] same [illegible] against solicitors. When these large [illegible] is [illegible] very much closer [illegible] easier target [illegible] professionals."

[illegible] concedes [illegible] incorporation for his firm regularly – the last time just six months ago – [illegible] ruled it out. He [illegible] lawyers [illegible] a reluctance [illegible] their [illegible]

Mr Bramall also highlights drawbacks to incorporation which are as important for accountants as for lawyers and other types of firm: notably the transitional tax costs of restructuring. For newly-created partnerships, this is less of an issue.

More generally, there are considerable cost implications: in the payment of national insurance and health contributions, pensions and [illegible] Yet [illegible] traditional benefits [illegible] partnership over corporate structure are now declining, partly as a result of the move to current year assessment by the Inland Revenue. Declining profits and falling inflation have reduced the benefits of deferral of tax [illegible] been possible up till now.

KPMG is in any case believed to be examining some tortuous legal structures involving a combination of limited partnerships [illegible] corporate [illegible] in an attempt to ameliorate [illegible] bills.

Incorporation has other clear benefits. Few professions have gone as far as the chartered surveyors, which relaxed their rules on incorporation as far back as 1986. A number of firms have now not only taken on a corporate legal structure, but sought outside capital through investors and stock market quotations. Access to outside investors is already possible for accountants and being considered in revisions to Law Society rules.

Mr David Buck, vice chairman of Debenham Tewson & Chinnocks, the surveyor which floated in 1987, says: "We were operating in an increasingly competitive market which promised to put a brake on internal genera[illegible] of capital [illegible] grow [illegible] had aspirations [illegible] become [illegible] property adviser."

He says that outside investment has not raised concerns from clients about interference and independence, [illegible] has given the company access to addi[illegible] resources. He adds that disclo[illegible] profits [illegible] proved "a [illegible] thing" and has no regrets about the decision to go public.

Mr Sharman at KPMG rejects the suggestion that outside capital as a fund for investment is a necessity – although some of the firm's activities in eastern Europe and south east Asia do suggest substantial [illegible] require funding. But he [illegible] his interest in incorporation [illegible] far [illegible] purely [illegible] a [illegible] liability [illegible]

[illegible] more [illegible] in [illegible] man[illegible] impact incorporation might [illegible] corporate legal struc[illegible] would [illegible] permit [illegible] corporate-style governance, [illegible] jeopardise the partnership ethos.

A corporate structure might, he [illegible] it easier to give long-standing non-partners an equity stake, relieve [illegible] heavy [illegible] capital from newly-[illegible] partners, [illegible] for example.

[illegible] problems [illegible] troub[illegible] predecessors, [illegible] accountancy firms with part[illegible] digits. [illegible] now [illegible] nearly [illegible] partners in [illegible]

It [illegible] management challenge [illegible] the larger accountancy [illegible] rivals – [illegible] lawyers [illegible] stockbrokers, [illegible] merchant [illegible] remained partnerships.

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DIVISION OF LEADING INTERNATIONAL ENGINEERING GROUP. T/O IN EXCESS OF £200M

We invite applications from qualified accountants, ACA, ACCA, CIMA, probably graduates, aged 30-35, who must have had at least 6 years' post qualification experience in an engineering environment with a world class company. Exposure to batch production will be an advantage. You will report to, and work closely with, the Divisional Chief Executive and be responsible for the full range of accounting activities including: management accounts; product costing and financial accounting. However, there will be a strong focus on developing and implementing management accounting systems suitable for an increasingly innovative and market led engineering environment, experience of which will be an advantage. During the first 3-6 months you will work on a special project devising and installing a new product costing system for an important range of specific contracts. Essential personal qualities are the ability to motivate and drive forward an enthusiastic accounts team, to be a manager of change and to have an enquiring business mind. Initial remuneration package negotiable £32,000 - £37,000 by way of high base and management bonus, car, contributory pension, medical scheme and removal expenses if necessary. **Applications in strict confidence, under reference DA236/FT to the Managing Director, ALPS.**

BUSINESS SYSTEMS MANAGER

Exceptional Opportunity for Qualified Finance Professional

CENTRAL LONDON

c.£45,000 + Bonus + Car

Our client is a publicly quoted major international engineering group operating in 45 countries and with a turnover approaching £1 billion. An excellent opportunity has now arisen for a qualified finance professional to support the strategic and operational development programme currently in place.

Reporting to the Head of Group Audit your varied brief will include undertaking high-profile reviews of Group Systems worldwide and evaluating their continued relevance to business needs. You will advise company management on systems implementation and provide independent progress reports. The ideal candidate will therefore, require the following:

- Have a knowledge of business process re-engineering techniques.
- Graduate, qualified ACA/CIMA with at least 3 years PQE.
- Have had exposure to senior management in a rapidly changing environment.
- Have a diplomatic, flexible and persuasive approach, and the ability to cope with the many cultures of a truly international organisation.

This is a high-profile role requiring overseas travel to Europe, the U.S.A., Australia and the Far East. A high degree of commercial acumen is required combined with the ability to exploit the outstanding longer term career prospects available. These could be within the U.K. or overseas.

Interested applicants should write in confidence to ***Andrew Livesey***, quoting reference number **2081** at Nicholson International [Search and Selection Consultants], Bracton House, 34-36 High Holborn, London, WC1V 6AS. Alternatively fax your details on **071 404 8128** or call **071 404 5501** for an initial discussion.

NICHOLSON INTERNATIONAL UK

France Italy Holland Spain Germany Belgium Turkey Poland Czech Republic Hungary Romania Russia Australia

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Listed Group Finance Director

CONSTRUCTION INDUSTRY PLC

c£60,000 PLUS BENEFITS

NORTHERN ENGLAND

Our Client is a major fully quoted Group of Companies engaged in construction, development, and civil engineering. It now seeks to recruit an experienced, ambitious Finance Director.

The successful candidate will be a key member of the Executive Board and will play a major role in the management and profitable development of the Group. In addition to ensuring the financial integrity of the business and the provision of timely, accurate management information, the Finance Director will be heavily involved in strategic and commercial decision making. He or she will also strengthen the financial awareness of managers and directors at Group and at Divisional levels.

Applicants will be technically superior Chartered Accountants who can demonstrate substantial commercial and financial management experience, within a public group of companies. City liaison experience and familiarity with the commercial aspects of the construction, or an allied, industry would be particularly advantageous. A hands on approach, personal strength and excellent communication skills are essential.

If you meet the requirements of this demanding position, please send a comprehensive curriculum vitae to Howgate Sable & Partners, Arkwright House, Parsonage Gardens, Manchester M3 2LF. Tel: 061-839 2000, Fax: 061-839 0064, **quoting ref: F.T.1024.A.** Closing date for applications: 23 July 1994.

Howgate Sable

SEARCH AND SELECTION: EXECUTIVES AND INDEPENDENT DIRECTORS

LLOYD MANAGEMENT

Rapidly expanding hi-tech group

YOUNG ACCOUNTANT

London

c£28,000 + car

Our client is a major force in its market-place. Manufacturing a range of highly regarded high technology products, the £80 million turnover group is forecasting continuing expansion both in the UK and internationally.

An important member of the financial team, the successful candidate will gain broad experience in a dynamic environment. As Financial Controller of the main operating company, he or she will prepare and analyse financial and management information, supervise and motivate a small department and ensure 'control' and 'quality'. As a focal point for operational management the Financial Controller will have the opportunity to participate in commercial decisions and the development of the business.

Likely to be aged in their mid 20s, applicants should be qualified accountants with 1-2 years post-qualification experience gained in the profession or industry. Excellent communication skills and computer literacy are necessary.

Please write, enclosing a career/salary history and daytime telephone number, to David Hogg FCA quoting reference H/104/F.

LLOYD MANAGEMENT Selection Consultants 125 High Holborn London WC1V 6QA 071-405 3499

Treasury Analysis & Support

Leading Banking Group

London

To £35,000 + Bonus + Car + Banking Benefits

Our client, a major banking organisation with an outstanding record of profitable growth, holds a leading position in the world of financial services. Dealing in a comprehensive range of financial products, it has achieved enviable successes through innovation and expertise. In recent years it has established one of the UK's leading bank treasuries and it is within this division that two excellent opportunities have arisen for experienced treasury professionals.

With responsibility for a small team, both roles will require extensive technical knowledge of treasury products, particularly fixed interest instruments. Key responsibilities will include the in-depth analysis of portfolio results and periodic accounting and both will require extensive front office liaison. In addition, the successful individuals will be required to provide innovative solutions to treasury accounting issues as they arise.

Probably aged 27-32, ideal candidates will be qualified accountants, with at least two years post-qualification experience of a banking environment. A significant proportion of this time must have been spent within a product control function. Alternatively, candidates may be working within Public Practice and have extensive exposure to financial markets. Strong interpersonal skills, a high degree of professionalism and the ability to work to tight deadlines will be essential. These high profile roles will also require proven leadership skills and the ambition to succeed in an environment at the leading edge of banking.

Interested applicants should write, in the strictest confidence, to Guy Townsend or Paul Marsden, at the address below, quoting Reference GT 333.

WALKER HAMILL
Executive Selection
29-30 Kingly Street, London W1R 5LB
Tel: 071 287 6285
Fax: 071 287 6270

Engineered Products
Director of Finance

Circa £40,000 Plus Bonus — **North East England**

The company is part of a £500 million turnover group with manufacturing and marketing activities worldwide. The Group is global market leader in one product area and a major competitor in other products. The UK business manufactures both high volume product and major project contracts for industrial users in domestic and export markets. Organic growth will double sales in the next three years.

THE APPOINTMENT

- Develop business strategies and forecasting models.
- Implement strong financial controls, management and costing systems.
- Manage IT development and ensure MIS to support commercial decisions.
- Ensure project contract terms conditions and costings are fully evaluated.
- Responsible for treasury and tax.

THE REQUIREMENTS

- Graduate accountant, probably aged 35 plus.
- Experience in manufacturing industry.
- Commercially astute with first class interpersonal skills.
- Highly analytical with excellent systems design and implementation experience.
- Hands-on performer, liaising closely with factory management..

Please apply in writing with a full CV and salary details, quoting reference 90763/A, to Nigel Rose.

K/F Associates, Regent Arcade House, 252 Regent Street, London W1R 5DA.

K/F ASSOCIATES
Selection & Search

An Influential Board Appointment with a premier US Corporation...

CHIEF FINANCIAL OFFICER

To US$150,000 + Benefits + Relocation

MOSCOW

With global revenues in excess of US$12 billion, our client is one of top 60 corporations in the USA. Operating at the forefront of telecommunications and multi-media, the company boasts an enviable record of growth and continues to pursue on aggressive acquisitions and development strategy, firmly establishing the company as a major market force in telecommunications.

To exploit the considerable potential in Central Europe and to support an exciting portfolio of joint venture businesses and to direct future investments in the Russian Federation, the client has created a Russian based holding company which requires an energetic Chief Financial Officer.

Reporting to the Company President in Russia, the appointment will assume executive responsibility for directing the corporation's commercial and investment strategies, whilst working closely with the subsidiary companies to define and influence the development of financial controls, systems and procedures.

A qualified MBA/Accountant, the successful candidate will demonstrate a proven track record in an international business environment, where you will have already achieved notable success as a Senior Finance Executive. You will now want a challenging board role, with the authority and responsibility to influence the strategic growth of the company.

Whilst knowledge of Russian would be advantageous, candidates who demonstrate the desire to succeed, ambition and the willingness to relocate to this exciting market place should contact **Mark Stewart**, in strictest confidence, at **FSS Europe, Charlotte House, 14 Windmill Street, London W1P 2DY.** Tel No: (44) 71 209 1000 (days) or (44) 256 810266 (eves) Fax No: (44) 71 209 0001.

FSS EUROPE

FINANCIAL CONTROLLER, RETAIL ORIENTED BUSINESS

To combine professional strength and real commercial understanding

c. £27,500 + car — North London

Renowned for a high level of personalised service in a premium, retail oriented market, this company, a subsidiary of a major plc, already has more than a dozen shops in Central London, supported by a production unit making use of the most modern specialist technology; more shops are planned, to satisfy the growing demand. We are looking for a Financial Controller to report to the MD, with responsibility for all aspects of the computerised finance function, including the preparation of the business plan, budgeting, both management and statutory accounts, and credit control. However, the job goes far beyond the provision of accurate figures; the appointee will carry out a detailed cost review of each activity, will analyse and contribute to proposals for new shop openings and the appropriate capital expenditure, and will be expected to make the most of a new EPOS system. Ideal candidates will be qualified accountants with a retail or manufacturing background, who enjoy both hands-on involvement and the wider commercial contribution required in a small but growing company. Please send full career details quoting reference WE 4112 on both letter and envelope and a telephone number at which we can contact you to make interview arrangements quickly, to Judy Brasier, Ward Executive Limited, 4 - 6 George Street, Richmond-upon-Thames, Surrey TW9 1JY.

WARD EXECUTIVE LIMITED
Executive Search & Selection

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cDM180,000 + Banking Benefits

FRANKFURT

an exciting newly created role – international securities group...

HEAD OF PRODUCT CONTROL

Drive, motivation, commitment and highly developed analytical skills, are the essential qualities needed to fulfil this key role at one of the world's foremost investment banking institutions.

Within the already established Frankfurt operation, this new position will allow an experienced accounting professional to develop and restructure both the systems and reporting approach in a highly sophisticated and dynamic environment. The role will entail working closely with the local front office responsible for bonds, equity derivatives and syndications, as well as senior management in the trading and finance areas in London and New York.

Candidates should clearly demonstrate an impeccable academic record combined with 2-3 years relevant experience gained at an international banking or securities house or, alternatively, within the profession.

Highly developed communication skills are essential, although fluency in German is not a pre-requisite.

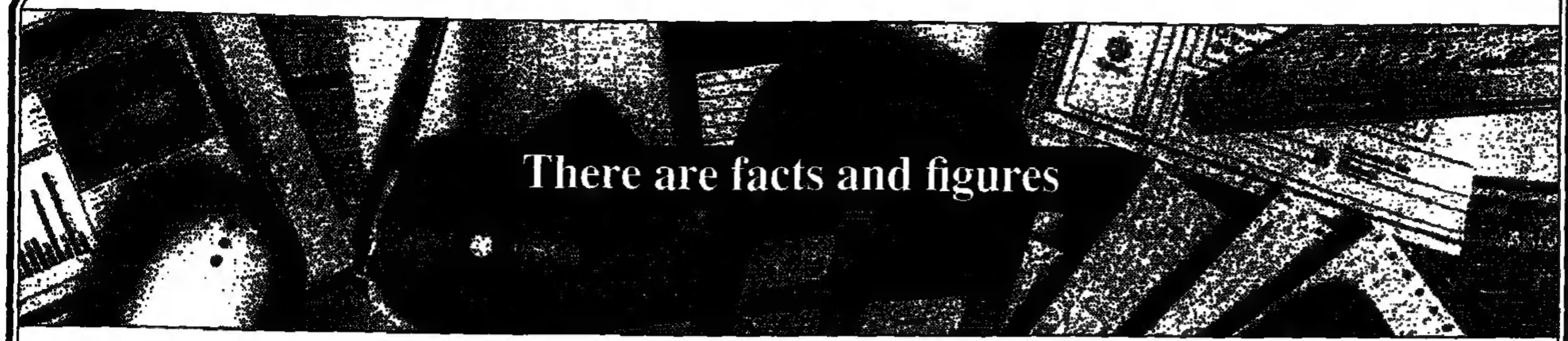
This is a rare opportunity for an individual to enter into a high profile role, where the level of responsibility and influence is significant. The ability to act decisively and provide effective solutions is paramount and will afford the successful individual outstanding further career development within the global organisation.

Interested candidates should contact **Jacqueline Long** on **(44) 71 209 1000**, eves & weekends **(44) 474 874473** or write to her enclosing a CV at **FSS Europe, Charlotte House, 14 Windmill Street, London W1P 2DY, United Kingdom. Fax: (44) 71 209 0001.**

FSS EUROPE

Coopers & Lybrand

SYSTEMS ACCOUNTANTS FOR CONSULTANCY



And there's clear vision

Relevant, up-to-date management information is vital to the success of any organisation. In isolation, however, it is a blunt instrument. Used alongside broad commercial vision and clear business insight, it becomes a powerful corporate enabler. One of the UK's leading firms of management consultants and accountants, Coopers & Lybrand works with an impressive range of industry names on performance-critical projects. Projects which aim to give our clients a significant business edge in complex, competitive markets.

Clients turn to us not just because of our name, but because of our people. Our consultants work in multi-disciplinary teams, on major systems implementation exercises. Working closely with clients, they manage change on a planned and structured basis, with a view to creating better businesses.

Likely to be working currently as a systems accountant, you should be a graduate with a professional qualification and at least five years' blue-chip company experience. This experience which must have included major involvement in systems implementation projects.

Whilst your technical expertise is important, it is perhaps only half the story. As a consultant, you'll need to develop productive working relationships with some demanding, discerning clients. They'll expect you to have impressive professional credibility, the ability to communicate successfully to a wide audience, the capacity to listen, analyse, recommend and then deliver. Above all, they expect, and get, results.

You'll be working alongside exceptional colleagues in a culture which both supports and demands.

In a role which calls for flexibility and adaptability, you'll find yourself working in a variety of locations, possibly abroad.

The role of consultant does not suit everyone and you should think hard before applying. For those it does suit, however, this is a rich opportunity of building and sustaining long term client relationships, whilst working on pivotal business issues. That is, if you can see further than facts and figures!

If you feel you can add to the strength of our team, please write with full career and salary details, to Steve Bevan, Coopers & Lybrand, 1 Embankment Place, London WC2N 6NN, quoting ref. FT092.

Solutions for Business

Qualified CIMA **Central London**

FINANCIAL CONTROLLER - CIRCA £40K

We are a young dynamic company with a current turnover of £15M and poised for growth.

We urgently need to appoint a Financial Controller who:

- Is enthusiastic and ambitious
- Has proven man management ability
- Can develop a small, effective and forward looking finance function
- Is assertive
- Is resilient and commited
- Possesses strong negotiating skills
- Has excellent IT skills
- Is technically strong
- Is 28 to 35 years old with at least 2/3 years post qualification experience
- Operates with a hands on approach

To provide:

- Timely financial and management reporting
- A significant contribution to the management team
- Positive input towards optimising business performance
- Cost management expertise including standard costing
- Drive in further developing, implementing and enhancing management information systems.

If you match, please send your CV to our advisors, including your current salary and notice period by the 22nd July 1994, quoting RD264 to:

Dawn Skinner, Latham Consultancy Ltd.,
7 Kenrick Place, London W1H 3FF

NEWLY QUALIFIED ACA

Package : Circa £25K + Benefits

Based at Docklands head office, Woodchester Crédit Lyonnais plc, part of Crédit Lyonnais Group, is seeking to appoint a Profit Planning/Technical Accountant. Responsibilities will include pricing strategy in the financial markets, being influential in ensuring compliance with the latest technical standards issued by both accounting and other statutory bodies and the evaluation of new products and opportunities.

The successful candidate must have an extensive knowledge of budgeting and taxation, excellent technical ability, a high level of numeracy and comprehensive communication skills.

The position will provide considerable interest for an ambitious person who is prepared to develop the role in a successful and expanding company.

Please note that a no-smoking policy operates throughout the company. Please apply in writing, enclosing your C.V. to the Personnel Dept, Woodchester Crédit Lyonnais plc, Woodchester House, Selsdon Way, Docklands, London E14 9GL

WOODCHESTER CREDIT LYONNAIS

Finance Director

Engineering
c. £36,000 + car
Oxfordshire

Part of a quoted engineering group, our client supplies engineering components to leading automotive manufacturers. Due to the rapid expansion of the company, a capable and energetic professional is now required for this challenging role.

As a member of the executive team you will play a key role in providing strong financial management to support the development of the company. You will have responsibility for all accounting and finance matters and the development of new management information systems.

Aged 25-35, you will be an ambitious ACMA with experience in a fast moving competitive industry. Technical experience, strong personal presence and experience with the introduction of new accounting / manufacturing I.T. systems will be essential.

Salary and bonus will give an earnings package of around £36,000 and other benefits will include a fully expensed car and medical insurance.

Relocation assistance will be given where appropriate.

Please write with a comprehensive CV, quoting reference 520/FT to: David Morris, Morris Hoare & Associates, Snuff Mill Warehouse, Park Lane, Bewdley, Worcestershire, DY12 2EL. Tel: 0299 401600 Fax: 0299 401610.

MORRIS HOARE & ASSOCIATES

EXECUTIVE SEARCH AND SELECTION

OPERATIONS REVIEW
City
£32,000 + Car

Exciting opportunity to join a small, high profile team at one of the UK's premier Fund Managers. Duties include risk-based auditing and management reviews, systems development and a significant number of special projects. Candidates, aged 26-30, will be ACAs (first time passes) with post-qualification experience of Financial Services auditing, possibly outside the profession.

CORPORATE/ PROJECT FINANCE
City
£32,000 + Bfts

Top European Merchant Bank has opportunities for two outstanding, recently qualified ACAs with extensive exposure to special work. Current activity includes major infrastructure projects in developing countries and cross border M&A work in Europe. Career prospects are first class for dynamic individuals with imposing personalities and exemplary professional records. A second language would be advantageous.

FINANCIAL ANALYSIS
London
£30,000 Pkge

Household name Plc seeks a newly qualified ACA with an exemplary academic record for a broad, project-based role, encompassing strategic and operational planning, management and statutory reporting, competitor analysis and corporate financial issues. This highly visible position offers an excellent introduction to finance in a commercial environment for a committed, enthusiastic professional.

For further information please telephone on 071-831-2323 or send your CV to Hudson Shribman, Vernon House, Sicilian Avenue, London WC1A 2QH. (Fax No. 071-404-5773).

HUDSON SHRIBMAN

Corporate Development Manager

Industrial/Manufacturing PLC
c. £65,000 + Car

Our client is a UK-headquartered industrial Group with 75% of its £600m plus turnover generated by overseas subsidiaries. Principal activities are the manufacture and supply of components to the automotive and other industries. Based in London and reporting to the Chief Executive, the Corporate Development Manager will be responsible for managing the Group's worldwide acquisition programme. Candidates, in the age range 30-40 years, will probably be graduate accountants ideally with qualifications in law or business. Fluency in French or German would be an advantage. Industrial sector line management experience is essential together with a genuine interest in manufacturing. Strong analytical skills, intellectual robustness, self-confidence, energy, resilience and an entrepreneurial streak are required to identify and develop new business opportunities for the Group. Please reply, in confidence, with full career details to Peg Eva, as adviser to the company, at Thomson Partners Ltd., 1-11 Hay Hill, Berkeley Square, London W1X 7LF.

Thomson Partners
Search and Selection

Wagon Industrial Holdings p.l.c. is a broadly based engineering group with more than 4,000 employees at over 30 locations in the UK and Europe. Our main activities are in storage and retail equipment, engineering and automotive products.

Group Management Accountant

Attractive Salary + bonus + car . Telford

Based at our Telford Head Office, this is a fast track appointment which has arisen following internal promotion and which offers real career development opportunities.

Reporting to the Group Financial Controller you will, as a member of a small professional team, provide support to the Group Executives to enable them to monitor and enhance the performance and profitability of operating subsidiaries. Other key tasks will involve the integration of acquisitions and the development of activity based costing methodologies across the Group.

You will probably be a graduate ACMA, ideally aged early to mid 30's, with a sustained record of high achievement in a manufacturing environment. A willingness to travel and work at a variety of locations in the UK and mainland Europe is essential. Preference will be given to candidates with experience in implementing activity based costing management systems.

We offer an attractive salary, bonus, car and a comprehensive range of benefits including relocation assistance in appropriate circumstances.

Please send a full CV giving salary details and covering letter stating reasons why you should be selected to: Alan Hodson, Group Personnel Executive, Wagon Industrial Holdings p.l.c., Haldane House, Halesfield, Telford, Shropshire, TF7 4PB.

WAGON INDUSTRIAL

APPOINTMENTS ADVERTISING

appears in the UK edition every Wednesday & Thursday and in the International edition every Friday

For further information please call:

Gareth Jones on 071 873 3779

Andrew Skarzynski on 071 873 4054

Philip Wrigley on 071 873 3351

Brian O'Neill on 071 873 4027

FINANCE AND ADMINISTRATION Oversee 8 operating European offices for US multinational parent. Responsible for accounting, finance, administration & MIS. Know US GAAP. Bilingual English/French &/or English/German. Extensive travel. Can be based anywhere in Europe. To $90K. CV to Recruiter, PO Box 55151, Van Nuys, CA 91413, USA or Fax 818-981-8505.

EXCITING CAREER OPPORTUNITY FOR A TALENTED ACCOUNTANT

C £30,000 + BENEFITS **South Cheshire**

AromaScan plc is the worlds leading development Company specialising in the design and manufacturing of aroma analytical instrumentation and sensor technology.

Reporting directly to the Finance Director responsibilities will include:

- the production of management information
- introducing an integrated information technology system
- preparing financial information for strategic business plans and annual budgets
- the production of statutory financial statements

Candidates must be qualified accountants of graduate calibre and have had 4-5 years post-qualifying experience gained ideally within a substantial international analytical instrument organisation together with a strong track record of personal and professional achievement.

If you are attracted by the demands of this unrivalled opportunity offering exceptional career development prospects please send a comprehensive CV including salary to:

Mr W S Buck
AromaScan plc
Electra House
Electra Way
Crewe CW1 1WZ

AROMA SCAN

FINANCIAL CONTROLLER

Key role for Finance Professional

£25-30k, Car & Benefits **Surrey/Sussex border**

The Company

- Market leader technology company
- Multi-national company with eleven offices in seven countries
- Expanding & developing business base

The Position

- Regional financial advisor
- Broad treasury function
- Financial aspects of bid preparation
- Administrative functions
- High exposure to wide range of activities
- Familiarity with US commercial practices
- 'Hands-on' responsibility for accounting

Qualifications

- Minimum five (5) years relevant experience
- High calibre graduate with a UK recognised accounting designation
- Highly computer literate/strong analytical skills
- Team leader, excellent inter-personal skills
- Highly self-motivated.

Applicants should forward CVs including salary history to:

Box A2108, Financial Times,
One Southwark Bridge, London SE1 9HL

APPOINTMENTS WANTED

AUDIT/ OPERATIONAL REVIEW
MSc/CIMA/MBA

Extensive international operational auditing, at board level, IT and line experience in MANUFACTURING, RETAIL and- CONSTRUCTION. Controls and business improvement.

Let me set up the function or provide temporary cover or work independently.

Tel/Fax: 0604 758367

FINANCIAL CONTROLLER

British Chartered Accountant, 41, Big Six-trained, currently with highly successful German subsidiary of U.S. direct selling fmcg group, PC and IMB AS/400 literate, hands-on experience of GAAP reporting and financial modelling, wishes after two years in France and nine years in Germany to return to U.K.

Please write to Box A2109, Financial Times, One Southwark Bridge, London SE1 9HL

Internal and Systems Audit Manager
WEST SUSSEX

Competitive Package

Our client, MGM Assurance, with over 140 years experience of the life insurance market, has through the continued introduction of new products and the creation of a direct sales force, consolidated its position as a leading independent financial services company.

The Company is now seeking to recruit a young and dynamic qualified ACA who can build upon the already excellent reputation of the existing team. This increasingly important role, is regarded as a business partner to line management, leading system-based audits and providing guidance both on technical controls and systems development. Reporting directly into the General Manager of MGM, this is a high profile position and candidates are likely to be from either a unit - linked life office or a financial services company.

It is expected that the successful candidate will be a top class communicator with the potential for future development within MGM.

Please forward by post or fax your CV. to Keith Tracy, Heathfield Hargreaves Ltd., Chaucer House, 6 Boltro Road, Haywards Heath, West Sussex, RH16 1BB. Tel: 0444 416636 Fax: 0444 416002

MGM
assurance

HEATHFIELD HARGREAVES
LIMITED

LONDON ■ SUSSEX ■ NORTHAMPTON

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Philip Wrigley
on
071 873 3351

Finance Director
Clothing Import and Distribution

West Yorkshire

package circa £55,000 negotiable
Equity opportunity

This £50 million turnover business, involved in the design, import and distribution of clothing is owned by its management and backed by a venture capital syndicate led by 3i. The company has excellent trading relationships with the high street chain store and department store retailers, and has developed favourable, long-term partnerships with quality manufacturers overseas. Despite the difficult economic climate of recent years, the company has shown sustained growth.

Working closely with the Managing Director, the Finance Director will be fully involved with the commercial development of the business. Key responsibilities will include the following:

- supervising the preparation of group management accounts, consolidations, interim and annual reports and accounts;
- ensuring the Board has appropriate financial and management information on which to base key decisions;
- providing management control of IT, shipping services and the BS5750 quality assurance process;
- handling banking and investor relations.

Ideally aged mid 30s to mid 40s and of graduate calibre, it is essential that the person appointed is a qualified accountant - preferably Big 6 trained. Senior financial management experience - gained outside professional practice and within a fast paced, commercial/industrial, blue chip organisation - is also essential. This must have included exposure in several of the key responsibility areas listed above, and should demonstrate an attention to detail and an ability to contribute successfully at a strategic level. Experience of managing a sizeable team, a good understanding of IT systems and hardware and an appreciation of overseas trading environments would all be highly relevant.

Suitably qualified and experienced candidates should send a full CV, in confidence, to GKRS at the address below - quoting reference number 93353N on both letter and envelope, and including details of current remuneration and availability.

GKRS
SEARCH & SELECTION
PARK HOUSE, 6 KILLINGBECK DRIVE, YORK ROAD, LEEDS LS14 6UF. TEL: 0532 484848. FAX: 0532 484852
A GKR Group Company

Young International Financial Director

EXCELLENT SALARY AND BENEFITS PACKAGE

NORTHERN HOME COUNTIES

A GLOBAL PERSPECTIVE

- One of the UK's fastest growing Plcs.
- A recent major acquisition; primary focus on design innovation led expansion.
- Hands-on operational responsibility with high level involvement in strategy development,- start ups; joint ventures.
- Extensive worldwide travel; a second European language preferable.
- Ideal for mid to late 20's, ACA with professional and/or industrial international experience.

Please send a comprehensive CV to Howgate Sable & Partners, Arkwright House, Parsonage Gardens, Manchester M3 2LF. Tel: 061-839 2000, Fax: 061-839 0064, quoting ref: F.T.1044.D.

Howgate Sable
SEARCH AND SELECTION: EXECUTIVES AND INDEPENDENT DIRECTORS

FINANCIAL CONTROLLER
c£40,000 package

Our client, a medium size manufacturing company in Surrey, is seeking an experienced financial controller. As a member of the management team the successful candidate will be expected to provide professional support to the operations managers and contribute to the overall management of the business. In addition, the position carries full responsibility for all financial, accounting and MIS functions.

Candidates experience must include total financial and accounting responsibilities in a manufacturing company. In addition, it is necessary to demonstrate a hands-on approach to management, a high sense of urgency and the ability to cope in a rapidly changing environment. An appropriate professional qualification is essential.

For consideration please submit your CV with salary information to:

Cray & Partners, Box A2106,
Financial Times, One Southwark Bridge, London SE1 9HL.

Corporate Finance and Advisory Opportunities
Attractive package **Various locations**

■ Ernst & Young is recognised as one of the world's leading firms of financial and business advisers.

■ By constantly delivering the value that clients demand, we are enjoying a period of significant growth. In particular, our specialist corporate finance and advisory service is making a substantial contribution to this growth. Corporate finance and advisory teams located in all our UK offices provide quality advice and assistance to clients in respect of MBO/MBIs, acquisitions, disposals, Stock Exchange transactions and raising finance. Due to increased business opportunities the **Luton, Bristol, Leicester** and **Exeter** offices are to recruit managers and senior managers.

■ In Leicester and Bristol the role will have a corporate finance bias, providing advice in connection with MBO/MBIs, acquisitions and disposals.

■ In Luton and Exeter candidates will provide a wide range of specialist services including due diligence investigations and Reporting Accountants' work.

■ Successful candidates will have a minimum of 2/3 years relevant experience at a senior level within a venture capital, financial institution, or an accounting environment. Bristol will particularly welcome candidates with a venture capital background. You must be a self starter, who despite rigorous time pressure, will deliver only the highest standard of work.

■ If you have the requisite experience and stamina required to join our thriving team, then please send your career history and a covering letter stating your preferred location to Lynne Gomer, Recruitment Manager, Ernst & Young, Becket House, Lambeth Palace Road, London SE1 7EU.

ERNST & YOUNG

Financial Controller
c£40,000 package Entertainment London

Our client, a leading international entertainment group with a turnover in excess of £300m, has expanded rapidly in recent years. A dynamic management team coupled with innovative marketing strategies has been effective in producing accelerated organic growth, leading to substantial business opportunities globally. There now exists a requirement to augment the management team with the appointment of a Financial Controller. Reporting to the Vice President of Finance and managing a team of accountants, the appointee will be responsible for maintaining, controlling and reporting on all aspects of the financial and management accounts of the group. This is an extremely proactive role that will involve extensive liaison with Divisional Senior Management.

This opportunity will appeal to a qualified accountant (aged 28-35) with a record of achievement to date. Experience in a similar commercial organisation is a prerequisite. A strong academic background and the ability to communicate with people at all levels, within a challenging and demanding environment is essential. Proficiency in at least one other foreign language is highly desirable.

The benefits include an attractive basic salary, car allowance, large company benefits and the potential to progress rapidly to senior management status.

Interested candidates should write, in the strictest confidence, to either Robert Walker or Brian Hamill at our London office quoting RW1431, enclosing a brief resumé.

WALKER HAMILL
Executive Selection

29-30 Kingly Street
London W1R 5LB

Tel: 071 287 6285
Fax: 071 287 6270

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Rapid growth, both organically and through acquisition, has established this British based Group with extensive international operations *(t/o £1 Billion+)* as market leader in its sector. A new opportunity has been created for a young (c. 30 years) commercially minded accountant.

Reporting to and working closely with the UK Finance Director you will contribute to policy decisions at the highest level. Performance reviews, competitor analysis and systems development all have to be handled with flair and imagination. Thus excellent presentational and interpersonal skills are demanded.

Much depends on your ability to combine practical experience with a high level of business acumen and strategic vision. A graduate, qualified accountant with at least two years' commercial experience you will be seeking the opportunity to have a direct impact on this outstanding Group.

Write enclosing full CV and contact telephone numbers to Patrick Donnelly, quoting reference FT/114.

PD Consultants
MANAGEMENT • SELECTION
23 Durlston Road, Kingston-Upon-Thames, Surrey KT2 5RR.

INTERNATIONAL MANUFACTURING GROUP
requires for its Headquarters in Athens
FINANCIAL CONTROLLER

The right candidate should be a Chartered Accountant between 25-35 years old. The position requires extensive travelling in Africa. Knowledge of Greek would be an advantage.

The company offers good career prospects and an attractive reumeration package.

Please write in confidence to:
Deras Group
Akti Miaouli 81,
1st floor, Office 14,
185 38 Piraeus
Tel: 418 6336 Fax: 418 6337

DERAS

BUSINESS ANALYST

Our client, a major International Medical Equipment Business, with annual revenues in excess of over $1 billion is currently recruiting for a Business Analyst.

Experienced in driving business decisions forward in a highly commercial environment, you should be:

- French speaking
- A graduate with a recognised UK Accounting designation or equivalent experience
- 3-5 years in a broadly disciplined role within a manufacturing or service industry.
- Highly computer literate/strong analytical skills
- A team leader with excellent interpersonal skills.

As a high flying individual, you can expect rapid development towards a managerial role in the company's corporate Head Quarters in Paris.

Salary: c£28,000 plus benefits package.

Apply immediately and in confidence to:

Elaine Temple,
Profiles Agency Management,
61/63 High Street, Staines TW18 4QH
or Tel: 0784 466262

(AGENCIES WELCOME TO RESPOND)

PROFILES AGENCY MANAGEMENT

FT / LES ECHOS

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FINANCE & BUSINESS PLANNING...

Reportant au Directeur financier de la filiale française, en liaison constante avec les opérationnels que vous aiderez dans leurs choix, vous prendrez en main la Responsabilité du Contrôle de Gestion (process budgétaire, reporting, analyses, recommandations) d'une ou plusieurs entités dont l'Export.

ET AU-DELÀ...

Notre Groupe (USA, taux de croissance à deux chiffres, rentabilité importante due aux actionnaires) entreprend une démarche de réflexion qui laisse prévoir à deux/trois ans des opportunités internationales que nous sommes prêts à vous exposer.

Parfaitement bilingue français/anglais, une troisième langue européenne ou asiatique serait un atout. Votre première expérience professionnelle (minimum quatre ans) acquise en cabinet (audit opérationnel et certification de comptes) laisse apparaître ses limites et vous pensez qu'il est temps à présent d'intégrer l'Entreprise.

Si votre sens du contact, votre esprit réalisateur et votre enthousiasme communicatif sont réels, nous sommes prêts à vous rencontrer à votre convenance.

Merci d'envoyer votre dossier de candidature (lettre manuscrite, CV et photo), sous réf. 99801, à Media System, 6 impasse des Deux Cousins, 75017 Paris, qui transmettra.

MEDIA SYSTEM

AMADEUS
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COST CONTROL & FINANCIAL ANALYST
Circa 30 000 £

We are the Europe's largest computerised Global Distribution System for the travel industry used in both travel agencies and airlines sales offices worldwide. Our workforce of around 500 people is located in the international high-tech business park at Sophia Antipolis and made up of over 25 nationalities.

Reporting to the Finance Manager, within a small operational team, you will be responsible for the preparation of budgets and financial plans, monitoring and analysis of forecasts and reports for management at senior level.

Aged 28-30, you should be of graduate calibre with a strong financial background ; ideally having trained with an international audit firm and/or a multinational company with strong PC and Financial modelling skills. A flexible approach, together with excellent written and oral communication skills are essential to liaise with managers at all levels. You are perfectly bilingual and preferably, the English language is your mother tongue.

Please send letter, career resume, photo and present salary to Monique Herbet - Ref. H399/FT - ERNST & YOUNG CONSEIL - Tour Manhattan - 92095 Paris-La Défense 2.

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